Financial Section

Contents

11-year Financial Summary

IBJ Leasing Company, Limited and consolidated subsidiaries

	FY2005	FY2006	FY2007	FY2008
For the year: (Millions of yen)				
Revenues	318,194	350,423	341,320	298,707
Gross profit before funding costs	30,534	34,155	36,351	38,181
Funding costs	4,320	7,627	9,849	10,105
Gross profit	26,213	26,527	26,501	28,076
Selling, general and administrative expenses	14,251	12,861	14,956	21,320
Operating income	11,962	13,666	11,544	6,755
Net income attributable to owners of the parent*1	7,981	8,984	7,799	3,348
At year-end: (Millions of yen)				
Total assets	1,090,027	1,132,989	1,195,336	1,076,150
Operating assets	953,724	1,031,249	1,092,247	984,981
Lease	683,881	699,874	698,861	596,869
Installment sales receivable*2	105,755	117,595	121,989	120,373
Loans	163,211	209,399	243,304	233,687
Operational investment securities	876	4,379	28,091	34,050
Long-term receivables	4,798	3,062	2,920	9,470
Interest-bearing debt	962,596	987,677	1,057,295	927,454
Equity	47,631	54,943	57,428	55,994
Per share data: (Yen)				
Net income	215.23	243.82	212.23	91.90
Equity	1,291.24	1,456.98	1,534.45	1,509.00
Dividends (non-consolidated basis)	27.00	33.00	38.00	40.00
Key indicators: (%)				
Return on equity (ROE)	18.7	17.7	14.2	6.0
Return on assets (ROA)	1.3	1.3	1.0	0.6
Equity ratio	4.4	4.7	4.7	5.1
Others:				
Issued shares (thousands of shares)*3	36,849	36,849	36,548	36,198
Number of employees	694	702	723	743

*1 Effective from the beginning of fiscal year 2015, the Company has adopted the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, issued on September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued on September 13, 2013) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, issued on September 13, 2013). In applying these revised accounting standards, "Net income" was changed to "Net income attributable to owners of the parent."

*2 After subtraction of deferred profit on installment sales

*3 After subtraction of treasury stock

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
	263,598	256,059	270,066	352,492	354,779	353,733	364,174
	36,720	36,549	36,579	44,270	43,005	41,609	44,803
	7,213	5,459	5,286	6,596	6,426	6,338	6,361
	29,506	31,090	31,293	37,673	36,579	35,271	38,441
	18,248	15,646	20,601	23,007	19,877	17,325	20,868
	11,257	15,444	10,691	14,665	16,701	17,946	17,573
	7,019	9,025	4,296	8,920	10,531	11,144	11,609
	1,017,099	1,028,020	1,332,963	1,372,246	1,462,183	1,551,704	1,718,720
	935,223	928,633	1,211,268	1,263,116	1,343,046	1,432,299	1,581,025
	553,541	546,185	755,139	780,234	809,499	878,693	958,353
	107,487	94,514	112,243	113,939	133,267	153,910	147,455
	237,414	241,925	295,008	320,143	359,530	361,067	377,933
	36,779	46,008	48,876	48,798	40,749	38,627	97,283
	14,082	10,397	19,153	18,502	11,404	8,947	10,393
	868,631	877,629	1,133,481	1,176,464	1,226,274	1,309,951	1,465,584
	63,342	69,392	74,717	84,905	109,840	123,297	132,786
	193.91	249.33	118.71	246.43	264.75	261.32	272.20
	1,709.86	1,889.18	1,954.63	2,218.77	2,458.28	2,764.23	2,978.61
	44.00	46.00	48.00	50.00	54.00	56.00	60.00
	12.0	13.9	6.2	11.8	11.4	10.0	9.5
	1.2	1.6	0.9	1.1	1.2	1.3	1.1
	6.1	6.7	5.3	5.9	7.2	7.6	7.4
	36,198	36,198	36,198	36,198	39,779	42,648	42,648
	766	765	1,073	1,050	1,036	1,050	1,072

Management's Discussion and Analysis

1. Overview of Business Performance

In fiscal 2015, the Japanese economy was characterized by ongoing improvements in corporate operating performance, particularly at large companies, and capital expenditure continued to be firm. However, personal consumption was less than robust. This factor, combined with overseas economic deceleration, stock price declines from the beginning of 2016 and ongoing yen appreciation made the outlook increasingly uncertain. As a result, the improvement fell short of a full-fledged economic recovery.

In this environment, we steadily built up operating assets, leading to higher revenues. Profitability rose due to the acquisition of highly profitable projects in mainstay fields, prompting growth in gross profit. Credit costs related to vessel financing caused operating income and ordinary income decline, but net income attributable to owners of the parent rose to a new high for the third year in a row. As a new business development, we formed a joint venture with leading U.S. aircraft leasing company Aircastle Limited, establishing IBJ Air Leasing Limited to concentrate exclusively on aircraft operating leases

2. Amount of Contracts Executed and Operating Assets

In leasing and installment sales, the previous year's positive trend in operating performance continued, and leasing and installment sales contract execution volume expanded ¥9,124 million (2.0%), compared with the previous year, to ¥465,505 million. We received contracts for large-scale capital expenditure projects by business partners, mainly large companies, and further enhanced our comprehensive proposal-based sales efforts to meet clients' broad-based needs, thereby expanding our client base. We also maintained our recent focus on initiatives targeting distribution, retailing and other businesses based on internal demand. We undertook projects taking advantage of subsidies to install environment-related equipment, securitized tenant security deposits in line with shop openings and collaborated with a large-scale store developer to expand real estate leasing. Furthermore, in the real estate-related business, in addition to the distribution and retail sectors we expanded REIT-related business transactions for large-scale distribution and commercial facilities involving leading real estate companies.

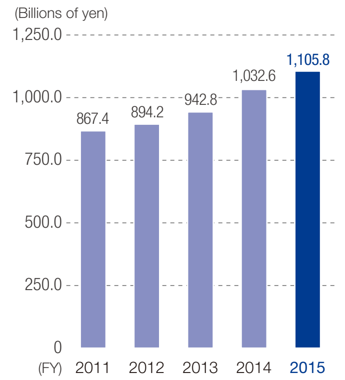
Diverse financing efforts led to an increase in overall contracts executive in the financing field of ¥113,094 million (23.2%), compared with the previous year, to ¥599,847 million. In specialized financing, we responded promptly to changes in the operating environment, such as in financing related to corporate capital policies. In corporate financing, we proposed solutions to match clients' financial strategies, such as diversification of funding and introducing cash flow controls, as well as undertaking initiatives involving the securitization of receivables and the guarantee business.

Consequently, the balance of operating assets in leasing and installment sales amounted to ¥1,105,808 million, up ¥73,204 million (7.1%), compared with the previous year. Operating assets in the financing sector increased ¥75,520 million (18.9%), compared with the previous year, to ¥475,216 million. The total of operating assets amounted to ¥1,581,025 million, up ¥148,725 million (10.4%), compared with the previous year. We met our operating asset target of ¥1,500.0 billion for the final year of the Fourth Medium-Term Management Plan ahead of schedule.

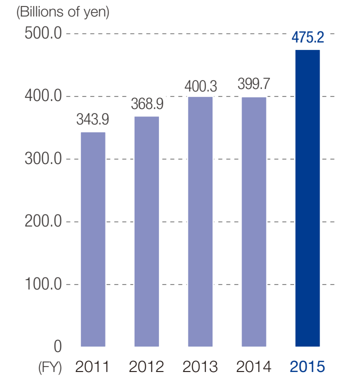
Amount of Contracts Executed (Millions of yen)

	FY2012	FY2013	FY2014	FY2015
Lease	307,601	305,738	372,265	391,567
Installment sales	64,836	79,116	84,115	73,938
Loans	411,299	445,807	462,716	534,324
Operational investment securities	20,514	7,006	24,035	65,522
Total	804,252	837,669	943,134	1,065,352

Balance of Operating Assets
(Leasing and Installment Sales Sector)



Balance of Operating Assets
(Financing Sector)



Operating Assets (Millions of yen)

	FY2012	FY2013	FY2014	FY2015
Lease	780,234	809,499	878,693	958,353
Installment sales	113,939	133,267	153,910	147,455
Loans	320,143	359,530	361,067	377,933
Operational investment securities	48,798	40,749	38,627	97,283
Total	1,263,116	1,343,046	1,432,299	1,581,025

3. Results of Operations

Revenues

Revenues increased ¥10,440 million (3.0%), year on year, to ¥364,174 million, due to an expansion in contracts executed.

Gross profit before funding costs and write-offs

Gross profit before funding costs and write-offs increased ¥3,204 million (7.7%), year on year, to ¥44,814 million, as we worked to augment basic earnings potential through the quantity and quality of our sales portfolio. The IBJ Leasing Group considers gross profit before funding costs and write-offs to be useful supplemental information on revenues for analyses of the Group's business performance, and discloses this information voluntarily. Leasing business revenues include the collection of the principal invested in leased assets as well as insurance premiums and taxes, and revenues and costs are expressed as total amounts in the consolidated statements of income. Installment sales revenues include the collection of the invested principal, and revenues and costs are similarly expressed as total amounts. In contrast, loan revenues are interest income only. Gross profit before funding costs and write-offs is expressed as a net amount to facilitate comparisons with the various forms of revenue. This figure matches gross profit before credit costs and funding costs.

Gross Profit before Funding Costs and Write-offs by Segment (Millions of yen)

	FY2012	FY2013	FY2014	FY2015
Lease	33,522	31,439	30,273	30,988
Installment sales	2,799	2,654	2,446	2,531
Loans	6,921	6,644	7,096	7,429
Other	1,571	2,786	2,285	4,378
Elimination or corporate	(540)	(516)	(491)	(513)
Total	44,275	43,008	41,609	44,814

Funding costs

Funding costs increased ¥23 million (0.4%), to ¥6,361 million year on year. Interest-bearing debt also rose in line with the expansion of operating assets, but we aggressively raised funds in the market through commercial paper and corporate bonds and strove to conduct groupwide ALM management and lower funding costs.

Selling, general and administrative expenses

Personnel and non-personnel expenses rose ¥329 million (1.7%), to ¥19,469 million year on year.

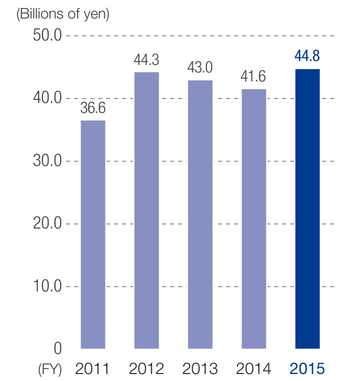
Other income and expenses

Net other income decreased ¥28 million during the year, to ¥996 million. Of this amount, profit from investments declined ¥130 million, to ¥1,436 million. This was due to equity in earnings of associated companies, which decreased ¥77 million. Other expenses dropped ¥101 million, to ¥439 million year on year.

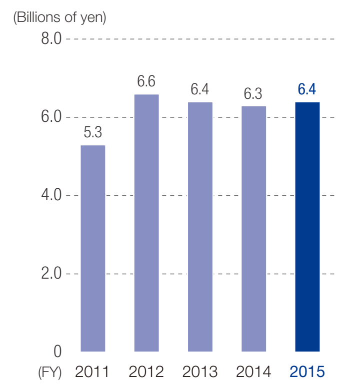
Total credit costs

In the consolidated statements of income, the IBJ Leasing Group records bad debt-related costs under cost of revenues, selling, general and administrative expenses, and other income and expenses. Total credit costs are the sum of these items. An absence of the reversal for past years recorded in the preceding fiscal year resulted in the generation of

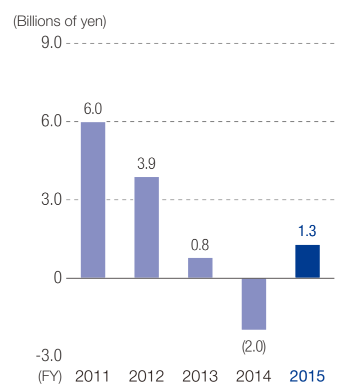
Gross Profit before Funding Costs and Write-offs



Funding Costs



Total Credit Costs



costs related to vessel financing, so total credit costs in the year under review increased ¥3,210 million year on year, to ¥1,259 million.

Income taxes

Corporate taxes, current income taxes and deferred income taxes amounted to ¥6,811 million. The effective tax rate was 35.9%.

Net income attributable to owners of the parent

As a result of the above efforts, net income attributable to owners of the parent amounted to ¥11,609 million, an increase of ¥464 million (4.2%), from the previous fiscal year.

4. Assets, Liabilities and Equity

Assets

Total assets as of the fiscal year-end amounted to ¥1,718,720 million, an increase of ¥167,016 million (10.8%), year on year. The status of operating assets is indicated on page 26 under the items "Amount of Contracts Executed and Operating Assets."

Liabilities

Total liabilities as of the fiscal year-end amounted to ¥1,585,933 million, an increase of ¥157,527 million (11.0%), year on year. Of this amount, interest-bearing debt rose to ¥1,465,584 million, an increase of ¥155,632 million (11.9%), year on year, due to the expansion in operating assets. The ratio of financing from capital markets to total financing was 39.0%.

Equity

Total equity as of the fiscal year-end amounted to ¥132,786 million, up ¥9,489 million (7.7%), from a fiscal year-end earlier. This increase stemmed from income during the year.

5. Cash Flows

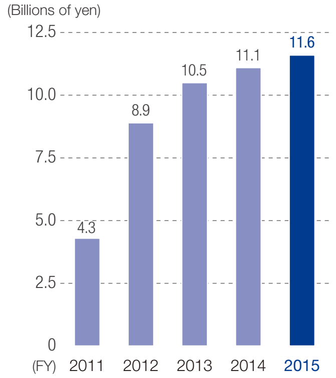
Net cash used in operating activities was ¥150,170 million. This was due to capturing demand for financing needs, including domestic demand-focused capital investment and financing related to corporate capital policies, as well as an increase in operating assets.

Net cash used in investing activities was ¥224 million. This figure was due to factors including ongoing system investments.

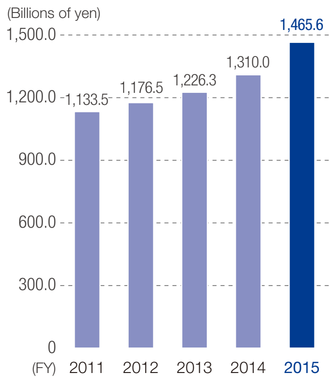
Net cash provided by financing activities was ¥161,507 million. This was due to an increase in debt funding, including borrowings, commercial paper and corporate bonds.

As a result of the above activities, the balance of cash and cash equivalents as of the fiscal year-end rose to ¥48,332 million, a year-on-year increase of ¥10,875 million.

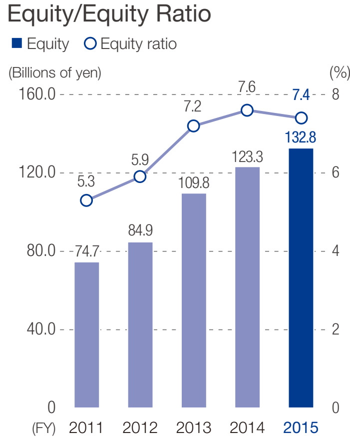
Net income Attributable to Owners of the Parent



Interest-bearing Debt



Equity/Equity Ratio



Business Risks and Other Risks

The following factors constitute the principal business risks that have potential to affect the business results, stock price and financial position of the IBJ Leasing Group. Forward-looking statements contained herein represent the judgment of the IBJ Leasing Group as of June 23, 2016. Business risks and other risks are not limited to those listed.

1. Trends in Corporate Capital Investment and Investments in Leased Plant and Equipment

In Japan, lease transactions are widely used as a fund procurement technique when companies undertake capital investments. Trends in the amount of corporate capital investment and in the amount of investment in leased plant and equipment tend to follow the same underlying pattern, and the amount of investment in leased plant and equipment may be affected by trends in corporate capital investment.

Trends in the amount of contracts executed by the IBJ Leasing Group, the amount of corporate capital investment and the amount of investment in leased plant and equipment do not always coincide. However, any significant decrease in the amount of corporate capital investment and the amount of investment in leased plant and equipment may affect the future business performance of the IBJ Leasing Group.

2. Interest Rate Fluctuation Risk and Effect of Changes in the Funding Environment

Although many leasing fees and installment payments are based on the interest rate levels prevalent at the time of agreements, and the majority are fixed revenues, interest-bearing debt includes debt with floating interest rates. Therefore, funding costs, which are part of the cost and expenses, fluctuate. As a result, interest rate fluctuations may affect the business performance of the IBJ Leasing Group.

Also, while it is possible to reduce the effects of interest rate fluctuations by raising the weight of interest-bearing debt with fixed interest rates, gross margins may contract since fixed-rate interest is generally higher than floating-rate interest. Accordingly, the weighting and component ratios of interest-bearing debt with fixed-rate interest and interest-bearing debt with floating-rate interest may affect the business performance of the IBJ Leasing Group.

The Company uses derivative transactions to hedge the risk of such interest rate fluctuations. Specifically, we manage the matching ratio (setting the ratio of the portion of assets not subjected to interest rate fluctuation risk by allocating liabilities and derivatives with fixed-rate interest and floating-rate interest to assets with fixed-rate and floating-rate yields) through the use of asset liability management (ALM) techniques. Accordingly, with respect to transactions subject to interest rate fluctuations, fluctuations in market interest rates may affect the business performance of the IBJ Leasing Group.

The IBJ Leasing Group’s fund procurement methods include commercial paper and other direct funding in addition to indirect funding. Therefore, changes in the funding environment may affect the procurement of funds.

3. Credit Risk

Lease transactions involve the provision of credit to customers in the form of leases over relatively long terms (averaging five years). The initial expected profit is secured by collecting the full amount of leasing fees from the customer. Therefore, the IBJ Leasing Group assesses the appropriateness of entering into contracts by conducting strict credit checks of each customer, and by assessing the future second-hand value of leased equipment. We also strive to control and minimize credit risk within the operating assets portfolio through quantitative monitoring of credit risks. Moreover, in instances when a customer’s credit status has deteriorated and non-payment of leasing fees, etc., occurs, we work to recover as much as possible of the outstanding amount through the sale or transfer of leased equipment to other customers.

Furthermore, from the perspective of credit risk management, we conduct self-assessments of assets in compliance with the Financial Inspection Manual of the Financial Services Agency, which is recommended by “Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry.” (Report No. 19 of the Industry Auditing Committee of the Japanese Institute of Certified Public Accountants).

As a result, the portion of credit in “long-term receivables” in the year ended March 31, 2016 was ¥8,476 million. The Company provides allowance against 100% of this amount and directly reduces the entire amount as the amount deemed uncollectible. Nonetheless, depending upon future economic trends, new bad debts caused by the deterioration of the credit status of companies may affect the business performance of the IBJ Leasing Group.

4. Risk of Changes to Regulatory Systems

The IBJ Leasing Group provides comprehensive financial services, mainly leases, rentals, installment sales and loans, in accordance with current laws and regulations, tax systems and accounting standards. Significant changes to such regulatory systems and standards may affect the business performance of the IBJ Leasing Group.

5. Other Risks

Other risks that may affect the business performance of the IBJ Leasing Group include price fluctuation risk (the risk of the estimated residual value of operating leases falling below the originally anticipated level), operational risk (the risk of inappropriate processing of clerical work), systems risk (the risk of IT systems failure or incorrect operation), and compliance risk (the risk of illegal or antisocial activities).

Consolidated Financial Statements

Consolidated Balance Sheet

IBJ Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 16)	¥ 48,332	¥ 37,457	$ 428,899
Marketable Securities (Notes 4 and 16)	73	—	648
Lease Receivables and Investments in Lease (Notes 5, 7, 15 and 16)	841,987	811,995	7,471,716
Receivables (Notes 5 and 16):			
Notes and Accounts	457	46	4,058
Lease	5,109	6,680	45,338
Installment Sales	147,820	154,445	1,311,744
Loans	225,006	232,521	1,996,687
Factoring	152,926	128,546	1,357,055
Total Receivables	531,320	522,240	4,714,882
Operational Investment Securities (Notes 4 and 16)	97,283	38,627	863,282
Deferred Tax Assets (Note 10)	1,102	1,277	9,783
Prepaid Expenses and Other	34,811	23,794	308,910
Allowance for Doubtful Receivables	(887)	(1,035)	(7,876)
Total Current Assets	1,554,022	1,434,357	13,790,244
Property and Equipment:			
Leased Assets (Notes 5 and 6)	219,146	202,536	1,944,682
Accumulated Depreciation	(102,912)	(135,977)	(913,237)
Net Leased Assets	116,233	66,558	1,031,445
Advances for Purchases of Leased Assets	76	53	682
Own-used Assets	6,200	6,227	55,024
Accumulated Depreciation	(3,067)	(2,970)	(27,221)
Net Own-used Assets	3,133	3,257	27,803
Total Property and Equipment	119,443	69,869	1,059,930
Investments and Other Assets:			
Investment Securities (Notes 4 and 16)	18,895	20,788	167,674
Investments in Unconsolidated Subsidiaries and Associated Companies	7,394	7,798	65,619
Long-term Receivables (Note 16)	10,393	8,947	92,235
Goodwill	203	275	1,807
Intangible Leased Assets (Note 5)	131	139	1,171
Deferred Tax Assets (Note 10)	2,462	866	21,855
Asset for Employees' Retirement Benefits (Note 9)	—	215	—
Other	9,152	10,583	81,222
Allowance for Doubtful Receivables	(3,380)	(2,138)	(30,000)
Total Investments and Other Assets	45,254	47,477	401,583
Total Assets	¥ 1,718,720	¥ 1,551,704	$ 15,251,757

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen 2016	2015	Thousands of U.S. dollars (Note 1) 2016
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Notes 8 and 16)	¥ 875,615	¥ 806,189	$ 7,770,128
Current Portion of Long-term Debt (Notes 7, 8 and 16)	152,390	141,053	1,352,298
Lease Payable (Notes 15 and 16)	8,861	8,838	78,639
Accounts Payable — trade (Note 16)	52,961	61,889	469,974
Accrued Expenses	2,231	2,117	19,801
Income Taxes Payable	4,412	4,983	39,152
Deferred Profit on Installment Sales (Note 5)	364	534	3,238
Accruals for Debt Guarantees	36	97	321
Other	22,359	18,614	198,412
Total Current Liabilities	1,119,232	1,044,316	9,931,963
Long-term Liabilities:			
Long-term Debt (Notes 7, 8 and 16)	437,578	362,709	3,883,026
Deposits Received	21,640	16,902	192,040
Liability for Employees' Retirement Benefits (Note 9)	2,823	2,211	25,057
Retirement Allowance for Directors and Audit & Supervisory Board members	27	34	243
Other	4,630	2,232	41,090
Total Long-term Liabilities	466,700	384,089	4,141,456
Commitments and Contingent Liabilities (Note 11)			
Equity: (Notes 12 and 20)			
Common Stock Authorized, 140,000,000 Shares Issued, 42,649,000 Shares as of March 31, 2016 and 2015	17,874	17,874	158,614
Capital Surplus	16,086	16,086	142,748
Retained Earnings	84,514	75,379	749,976
Treasury Stock - at cost 550 shares as of March 31, 2016 and 540 shares as of March 31, 2015	(0)	(0)	(8)
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	7,956	6,308	70,604
Deferred (Loss) Gain on Derivatives under Hedge Accounting	(174)	206	(1,550)
Foreign Currency Translation Adjustments	1,026	1,684	9,110
Defined Retirement Benefit Plans	(249)	351	(2,213)
Total	127,033	117,890	1,127,281
Non-controlling Interests (Note 2(b))	5,753	5,407	51,057
Total Equity	132,786	123,297	1,178,338
Total Liabilities and Equity	¥ 1,718,720	¥ 1,551,704	$ 15,251,757

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Revenues	¥ 364,174	¥ 353,733	$ 3,231,647
Cost and Expenses	325,732	318,462	2,890,521
Gross Profit	38,441	35,271	341,126
Selling, General and Administrative Expenses (Note 13)	20,868	17,325	185,182
Operating Income	17,573	17,946	155,944
Other Income (Expenses):			
Interest Income	6	10	57
Dividend Income	426	390	3,785
Equity in Earnings of Associated Companies	358	435	3,181
Profit from Investments	329	289	2,928
Interest Expenses	(330)	(318)	(2,933)
Foreign Exchange Loss	—	(84)	—
Bond Issue Costs	(100)	(114)	(894)
Gain on Sales of Fixed Assets	441	46	3,914
Gain on Sales of Investment Securities	1	3	9
Loss on Sales of Investment Securities	(25)	—	(223)
Loss on Devaluation of Investment Securities	(26)	(14)	(235)
Loss on Impairment of Long-lived Assets	(5)	(103)	(48)
Dilution Loss from Change in Equity Interest	—	(9)	—
Other — net	306	416	2,723
Income before Income Taxes	18,955	18,895	168,208
Income Taxes: (Note 10)			
Current	8,310	7,421	73,743
Deferred	(1,499)	(99)	(13,303)
Total	6,811	7,321	60,440
Net Income (Note 2(b))	12,144	11,573	107,768
Net Income attributable to Non-controlling Interests	535	428	4,750
Net Income attributable to Owners of the Parent (Note 2(b))	¥ 11,609	¥ 11,144	$ 103,018

	Yen		U.S. dollars (Note 1)
	2016	2015	2016
Amounts per Share of Common Stock (Notes 2(x) and 19)			
Net Income attributable to Owners of the Parent per Share	¥ 272.20	¥ 261.32	$ 2.42
Cash Dividends applicable to the fiscal year	¥ 60.00	¥ 56.00	$ 0.53

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Net Income	¥ 12,144	¥ 11,573	$ 107,768
Other Comprehensive Income (Loss): (Note 18)			
Unrealized Gain on Available-for-sale Securities	1,649	2,799	14,637
Deferred (Loss) Gain on Derivatives under Hedge Accounting	(397)	52	(3,528)
Foreign Currency Translation Adjustments	(528)	915	(4,691)
Defined Retirement Benefit Plans	(618)	285	(5,485)
Share of Other Comprehensive (Loss) Income in Associated Companies	(159)	191	(1,414)
Total Other Comprehensive (Loss) Income	(54)	4,244	(481)
Comprehensive Income	¥ 12,090	¥ 15,818	$ 107,287
Total Comprehensive Income attributable to:			
Owners of the Parent	¥ 11,616	¥ 15,346	$ 103,086
Non-controlling Interests	473	471	4,201

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2016

	Thousands	Millions of yen										
						Accumulated Other Comprehensive Income						
	Number of shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
Balance as of April 1, 2014	*42,648*	¥ 17,874	¥ 16,086	¥ 66,535	¥ (0)	¥ 3,508	¥ 158	¥ 613	¥ 66	¥ 104,841	¥ 4,998	¥ 109,840
Net Income attributable to Owners of the Parent				11,144						11,144		11,144
Cash Dividends Paid				(2,388)						(2,388)		(2,388)
Purchase of Treasury Stock												
Change in Scope of Application of Equity Method				86						86		86
Net change during year						2,800	47	1,071	284	4,204	408	4,613
Balance as of March 31, 2015	*42,648*	¥ 17,874	¥ 16,086	¥ 75,379	¥ (0)	¥ 6,308	¥ 206	¥ 1,684	¥ 351	¥ 117,890	¥ 5,407	¥ 123,297
Net Income attributable to Owners of the Parent				11,609						11,609		11,609
Cash Dividends Paid				(2,473)						(2,473)		(2,473)
Purchase of Treasury Stock	*(0)*				(0)					(0)		(0)
Change in Scope of Application of Equity Method												
Net change during year						1,647	(380)	(658)	(600)	7	345	353
Balance as of March 31, 2016	*42,648*	¥ 17,874	¥ 16,086	¥ 84,514	¥ (0)	¥ 7,956	¥ (174)	¥ 1,026	¥ (249)	¥ 127,033	¥ 5,753	¥ 132,786

	Thousands of U.S. dollars (Note 1)										
					Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
Balance as of March 31, 2015	$ 158,614	$ 142,748	$ 668,909	$ (8)	$ 55,985	$ 1,830	$ 14,951	$ 3,116	$ 1,046,145	$ 47,987	$ 1,094,132
Net Income attributable to Owners of the Parent			103,018						103,018		103,018
Cash Dividends Paid			(21,951)						(21,951)		(21,951)
Purchase of Treasury Stock				(0)					(0)		(0)
Change in Scope of Application of Equity Method											
Net change during year					14,619	(3,380)	(5,841)	(5,329)	69	3,070	3,139
Balance as of March 31, 2016	$ 158,614	$ 142,748	$ 749,976	$ (8)	$ 70,604	$ (1,550)	$ 9,110	$ (2,213)	$ 1,127,281	$ 51,057	$ 1,178,338

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 18,955	¥ 18,895	$ 168,208
Adjustments for:			
Income Taxes Paid	(8,876)	(4,075)	(78,772)
Depreciation and Disposal of Fixed Assets	10,454	9,988	92,777
Equity in Earnings of Associated Companies	(358)	(435)	(3,181)
Profit from Investments	(329)	(289)	(2,928)
Loss on Impairment of Long-lived Assets	5	103	48
Increase (Decrease) in Allowance for Doubtful Receivables	1,096	(1,483)	9,728
(Decrease) Increase in Accruals for Debt Guarantees	(61)	26	(543)
Loss (Gain) on Sales of Marketable and Investment Securities	24	(3)	214
Loss on Devaluation of Marketable and Investment Securities	26	14	235
Dilution Loss from Change in Equity Interest	—	9	—
Gain on Sales of Fixed Assets	(441)	(46)	(3,914)
Change in assets and liabilities:			
Increase in Lease Receivables and Investments in Lease	(37,891)	(58,757)	(336,248)
Increase in Receivables	(12,431)	(11,790)	(110,318)
(Increase) Decrease in Operational Investment Securities	(55,004)	3,042	(488,104)
Decrease in Accounts Payable — trade	(8,905)	(14,825)	(79,031)
Purchases of Leased Assets	(72,648)	(61,466)	(644,673)
Proceeds from Sales of Leased Assets	21,145	43,653	187,639
Increase (Decrease) in Interest Payable	7	(10)	70
Other — net	(4,936)	7,112	(43,806)
Total Adjustments	(169,125)	(89,233)	(1,500,807)
Net Cash Used in Operating Activities	(150,170)	(70,338)	(1,332,599)
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(2,245)	(1,122)	(19,922)
Proceeds from Sales of Fixed Assets	1,270	472	11,279
Purchases of Marketable and Investment Securities	(490)	(459)	(4,350)
Proceeds from Sales and Redemption of Marketable and Investment Securities	1,100	23	9,764
Other — net	139	629	1,238
Net Cash Used in Investing Activities	(224)	(456)	(1,991)
Cash Flows from Financing Activities:			
Net Increase in Short-term Borrowings	70,526	54,749	625,846
Proceeds from Long-term Debt	255,841	189,721	2,270,310
Repayments of Long-term Debt	(162,265)	(170,117)	(1,439,925)
Cash Dividends Paid	(2,473)	(2,388)	(21,951)
Other — net	(121)	(69)	(1,076)
Net Cash Provided by Financing Activities	161,507	71,895	1,433,204
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(237)	402	(2,107)
Net Increase in Cash and Cash Equivalents	10,875	1,503	96,507
Cash and Cash Equivalents at Beginning of Year	37,457	35,954	332,392
Cash and Cash Equivalents at End of Year	¥ 48,332	¥ 37,457	$ 428,899

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of IBJ Leasing Company, Limited ("IBJL") and its consolidated subsidiaries (together with IBJL, "IBJL Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the company's financial statements issued domestically in order to present them in a form of which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2015 consolidated financial statements to conform to the classifications used in 2016.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which IBJL is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.69 to US$1.00, the approximate rate of exchange at March 31, 2016. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. The amounts indicated in millions of yen are rounded down by truncating the figures below one million. As a result, totals may not add up exactly.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of IBJL Group including IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd., IBJ Auto Lease Company, Limited, Toshiba Medical Finance Co., Ltd., IBJ Leasing (China) Ltd. and PT. IBJ Verena Finance.

The number of consolidated subsidiaries as of March 31, 2016 and 2015 was 22. The consolidated financial statements for the year ended March 31, 2016 newly include the accounts of IBJ Air Leasing Limited and BB Leasing LLC, as they were newly incorporated. Nissan Leasing Co., Ltd. was excluded from the scope of the consolidation from the current fiscal year, as it was merged with IBJL. The Higashi-Nippon Leasing Corporation was also excluded from the scope of the consolidation from the current fiscal year, as IBJL sold all of the shares in it.

The number of associated companies accounted for under the equity method as of March 31, 2016 and 2015 was 3 and 4, respectively. Investments in associated companies are Krung Thai IBJ Leasing Co., Ltd., Juhachi Sogo Lease Co., Ltd. and PNB-IBJL Leasing and Finance Corporation. The Toho Lease Co., Ltd. was excluded from the associated companies accounted for under the equity method from the current fiscal year, as IBJL sold all of the shares in it.

Astro Leasing International Co., Ltd. and 100 other subsidiaries are neither consolidated nor accounted for under the equity method, as they are acting as operators under Tokumei Kumiai agreements and the leased assets and liabilities do not substantially belong to the subsidiaries. Achilles Line Shipping S.A. and 26 other subsidiaries are also not consolidated or accounted for under the equity method, as they are immaterial. I-N Information Systems, Ltd. and 2 other associated companies are not accounted for under the equity method, as they are immaterial.

Upon consolidation, significant intercompany accounts and transactions have been eliminated. In addition, all significant unrealized profit included in assets resulting from transactions within IBJL Group has also been eliminated.

The accounting standard for consolidated financial statements requires a company to consolidate all subsidiaries where the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, and/or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition. The differences between the costs and underlying net equity of investments in consolidated subsidiaries and associated companies at acquisition are recorded as Goodwill and are amortized on a straight-line basis over the estimated benefit period.

Implementation Guidance No. 15 "Implementation Guidance on Disclosures about Certain Special Purpose Entities" issued by the Accounting Standards Board of Japan (the "ASBJ") permits companies to avoid consolidation of certain Special Purpose Entities ("SPEs") that were established and are being operated for the purpose of securitization of receivables.

IBJL securitizes its lease receivables to diversify its funding sources and ensure stable funding. In the securitization structures, IBJL uses SPEs that include *Tokurei Yugen Kaisha* and *Kabushiki Kaisha*. IBJL transfers the lease receivables to the SPEs in the securitization structures. The SPEs procure funds, such as borrowings, backed by the transferred assets and these funds flow back to IBJL as sales proceeds of the transferred assets. IBJL also provides collection services to the SPEs. A portion of the receivables is not transferred and is held by IBJL. These receivables held by IBJL are properly evaluated at the end of the fiscal year, and these are appropriately reflected in the consolidated financial statements.

As a result of securitizations, IBJL had 19 SPEs that were not consolidated under Guidance No. 15 as of March 31, 2016 and 2015. Total assets (simply compiled amount) of such SPEs as of March 31, 2016 and 2015 were ¥164,381 million ($1,458,708 thousand) and ¥105,791 million, respectively. Total liabilities (simply compiled amount) of such SPEs as of March 31, 2016 and 2015 were ¥165,080 million ($1,464,912 thousand) and ¥106,019 million, respectively. IBJL owns no voting rights in most of the SPEs while some employees of IBJL serve as directors.

The total amount of Lease Receivables and Investments in Lease transferred from IBJL to such SPEs in 2016 and 2015 was ¥17,212 million ($152,739 thousand) and ¥19,627 million, respectively, with no gain/loss on the transfer of such receivables. IBJL does not hold subordinated interests of such transferred receivables. IBJL recognized profit dividends of ¥41 million ($365 thousand) for the years ended March 31, 2016 and 2015, and servicing fees received of ¥1 million ($16 thousand) with respect to the transactions with such SPEs for both of the years ended March 31, 2016 and 2015. These amounts do not include transactions with SPEs that do not meet the criteria for off-balance-sheet transactions, because IBJL treats these asset transfer transactions to the SPEs as financial transactions.

(b) Business Combinations

In October 2003, the Business Accounting Council issued a Statement of Opinion, “Accounting for Business Combinations,” and in December 2005, the ASBJ issued ASBJ Statement No. 7, “Accounting Standard for Business Divestitures” and ASBJ Guidance No. 10, “Guidance for Accounting Standard for Business Combinations and Business Divestitures.”

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, “Accounting Standard for Business Combinations.” Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

In September 2013, the ASBJ issued revised ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” revised ASBJ Guidance No. 10, “Guidance on Accounting Standards for Business Combinations and Business Divestitures,” and revised ASBJ Statement No. 22, “Accounting Standard for Consolidated Financial Statements.”

Major accounting changes are as follows:

(1) *Transactions with noncontrolling interest*

A parent’s ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent’s ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(2) *Presentation of the consolidated balance sheet*

In the consolidated balance sheet, “minority interest” under the previous accounting standard is changed to “noncontrolling interest” under the revised accounting standard.

(3) *Presentation of the consolidated statement of income*

In the consolidated statement of income, “income before minority interest” under the previous accounting standard is changed to “net income” under the revised accounting standard, and “net income” under the previous accounting standard is changed to “net income attributable to owners of the parent” under the revised accounting standard.

(4) *Provisional accounting treatments for a business combination*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(5) Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (1) transactions with noncontrolling interest, (2) presentation of the consolidated balance sheet, (3) presentation of the consolidated statement of income, and (5) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (1) transactions with noncontrolling interest and (5) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (1) transactions with noncontrolling interest and (5) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (2) presentation of the consolidated balance sheet and (3) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (4) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

IBJL Group applied the revised accounting standards and guidance for (1) transactions with noncontrolling interest, (2) presentation of the consolidated balance sheet, (3) presentation of the consolidated statement of income, and (5) acquisition-related costs above, effective April 1, 2015, and (4) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for (1) transactions with noncontrolling interest and (5) acquisition-related costs were applied prospectively, and there was no impact from applying the revised accounting standards and guidance in future applicable periods.

(c) Cash Equivalents

Cash Equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash Equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

(d) Lease Accounting

In March 2007, the ASBJ issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions,” which revised the previous accounting standard for lease transactions. As a lessor, all finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as Lease Receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee are recognized as Investments in Lease. All other leases are accounted for as operating leases.

As a lessee, all finance leases that are deemed to transfer ownership of the leased property to the lessee are capitalized.

(e) Installment Sales

For installment sales contracts, Installment Sales Receivables are recognized for the principal equivalent portion of the total contract amounts when properties are delivered. Interest equivalent amounts are recognized as Installment Sales when the related installment receivables become due.

For sales-type contracts, Installment Sales and the corresponding Installment Cost of Sales are fully recognized when the property is sold. Interest equivalent amounts applicable to the portion to be collected are deferred and recorded as Deferred Profit on Installment Sales.

(f) Marketable Securities, Operational Investment Securities and Investment Securities

Marketable Securities, Operational Investment Securities and Investment Securities are classified as Available-for-sale Securities based upon management's intent. Available-for-sale Securities, which have a readily determinable fair value, are stated at fair value with changes in net unrealized gain or loss, net of applicable income taxes, included directly in Equity (cost of securities sold is calculated by the moving average method). Available-for-sale Securities, which do not have readily determinable fair value, are stated at cost.

Operational Investment Securities is held for the purpose of generating operational financial income. The income from Operational Investment Securities is stated in Revenues in the Consolidated Statement of Income.

(g) Loans Receivables and Factoring Receivables

Loans to customers and receivables arising from factoring are included in Loans Receivables and Factoring Receivables, respectively. Income from these receivables is recognized as Revenues.

(h) Property and Equipment

1. Leased Assets
   Leased Property and Equipment are initially accounted for at their acquisition costs and depreciated over the lease term by the straight-line method to the residual value, which is an amount to be realized at the time when the lease contract is terminated.
2. Own-used Assets
   Own-used Assets of IBJL and its domestic consolidated subsidiaries are stated at cost and depreciated over the following estimated useful lives mainly by the declining-balance method:

Buildings	3-65 years
Fixtures and furniture	2-20 years

(i) Long-lived Assets

IBJL Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(j) Intangible Assets

1. Leased Assets
   Intangible Leased Assets are accounted for in the same way as Leased Property and Equipment.
2. Own-used Software
   Own-used Software is amortized over the internally estimated useful lives (5 or 8 years) by the straight-line method.
3. Other Intangible Assets
   Other Intangible Assets are stated at cost. Amortization of intangible assets by IBJL and its domestic consolidated subsidiaries is mainly computed by the straight-line method over the estimated useful lives.

(k) Bond Issue Costs

Costs for bond issuance are expensed upon payment.

(l) Allowance for Doubtful Receivables

Allowance for Doubtful Receivables is provided based on the estimated historical default rate for general trade receivables, and is based on individual reviews for receivables from doubtful and legally bankrupt creditors.

The amounts of Long-term Receivables considered uncollectible, which include receivables from legally bankrupt creditors, were directly written-off. The amounts directly written-off were ¥8,476 million ($75,216 thousand) and ¥9,475 million at March 31, 2016 and 2015, respectively.

(m) Reserve for Bonus Payments

IBJL and certain domestic consolidated subsidiaries provide a reserve for future bonus payments to employees. This reserve is maintained at the estimated amount payable after the year-end, based on the services provided during the fiscal year.

(n) Reserve for Bonus Payments to Directors

IBJL and certain domestic consolidated subsidiaries provide a reserve for future bonus payments to executive officers. This reserve is maintained at the estimated amount payable for the fiscal year.

(o) Retirement and Pension Plans

IBJL and certain consolidated subsidiaries have a corporate pension plan and/or lump-sum severance payment plan as a defined benefit type of a retirement benefits plan as well as a corporate pension plan as a defined contribution type of a retirement benefits plan. There are some cases in which extra retirement benefits are paid to employees when they retire.

Effective April 1, 2000, IBJL adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations were attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 to 15 years within the average remaining service period.

In May 2012, the ASBJ issued ASBJ Statement No. 26, “Accounting Standard for Retirement Benefits” and ASBJ Guidance No. 25, “Guidance on Accounting Standard for Retirement Benefits,” which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(1) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (Accumulated Other Comprehensive Income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (Liability for Employees’ Retirement Benefits) or asset (Asset for Employees’ Retirement Benefits).
(2) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income, and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period, are treated as reclassification adjustments.
(3) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (1) and (2) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (3) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

IBJL Group applied the revised accounting standard and guidance for retirement benefits for (1) and (2) above, effective March 31, 2014, and for (3) above, effective April 1, 2014.

With respect to (3) above, IBJL Group changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis and the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment. The application of the revised accounting standard for (3) above has no impact on the consolidated financial statements.

(p) Retirement Allowance for Directors and Audit & Supervisory Board Members

Certain domestic consolidated subsidiaries provide Retirement Allowances for Directors and Audit & Supervisory Board members for future retirement benefits to directors and Audit & Supervisory Board members. Retirement Allowances for Directors and Audit & Supervisory Board members are provided at the amount accrued at the end of the fiscal year, based on the internally established standards for the payments.

(q) Asset Retirement Obligations

In March 2008, the ASBJ issued the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(r) Accruals for Debt Guarantees

IBJL and certain domestic consolidated subsidiaries provide Accruals for Debt Guarantees for losses that might occur in relation to guarantees of the indebtedness of others, taking the debtors' financial condition into consideration.

(s) Income Taxes

IBJL and its domestic consolidated subsidiaries are subject to corporate tax, inhabitants' taxes and enterprise taxes. Deferred income taxes are recorded by the asset and liability method based on the differences between the tax bases of assets and liabilities and those as reported in the consolidated financial statements, using enacted tax rates that will be in effect when the differences are expected to reverse.

(t) Recognition of Revenues and Cost of Sales

Revenues and cost of sales relating to finance lease transactions are recognized when lease payments are received.

(u) Translation of Foreign Currency Assets and Liabilities

1. Translation of foreign currency transactions

   All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gain and loss from translation are recognized in the Consolidated Statement of Income as income or expenses.

   Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into Japanese yen at the rates effective at the respective transaction dates. However, monetary receivables and payables covered by forward exchange contracts are translated at the contract rates.

   Any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts.

2. Translation of foreign currency financial statements

   The assets, liabilities, revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet dates of each subsidiary. Differences arising from such translation are shown in Foreign Currency Translation Adjustments under Accumulated Other Comprehensive Income in a separate component of Equity.

(v) Derivatives and Hedging Activities

IBJL Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Interest rate swaps are utilized to manage interest rate risks associated with certain liabilities, including Long-term Debt. Foreign currency forward contracts and Short-term Borrowings are utilized to reduce risks from fluctuations of foreign currency exchange rates associated with certain assets including Installment Sales Receivables, Lease Receivables and Operational Marketable Securities. Interest rate and currency swaps are utilized to manage interest rate risks as well as foreign currency risks. IBJL Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the Consolidated Statement of Income and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense.

(w) Consumption Taxes

IBJL and its domestic consolidated subsidiaries are subject to Japanese consumption taxes. Japanese consumption taxes are excluded from the transaction amounts.

(x) Per Share Information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. Cash dividends per share shown in the Consolidated Statement of Income are the amounts applicable to the respective fiscal years including dividends to be paid after the end of the year.

(y) Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

(z) New Accounting Pronouncements

Tax Effect Accounting—On March 28, 2016, the ASBJ issued ASBJ Guidance No. 26, “Guidance on Recoverability of Deferred Tax Assets,” which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company’s classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

IBJL Group expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and is in the process of measuring the effects of applying the new guidance in future applicable periods.

3. Business Combination (Merger)

IBJL merged with Nissan Leasing Co., Ltd., ("Nissan Lease"), a 100 percent owned subsidiary on April 1, 2015, based on the resolution by the Board of Directors held on January 22, 2015 (the "Merger").

Transactions under common control, etc.

(a) Outline of the transactions:

(i) The name of the companies involved and the description of the business:

The name of the companies involved:

IBJ Leasing Company, Limited, the surviving company

Nissan Leasing Co., Ltd., the absorbed company

The description of the business:

Comprehensive leasing business

(ii) Effective date of the business combination:

April 1, 2015

(iii) Legal form of the business combination:

An absorption-type merger, with IBJL, as the surviving company and Nissan Lease, as the absorbed company

(iv) Company name after the merger:

IBJ Leasing Company, Limited

(v) Outline of the transaction

Nissan Lease has been engaged in the wide range of transactions with automotive manufacturers, automotive parts suppliers and automotive sales companies, as one of the core company of IBJL Group, since IBJL purchased its share from Nissan Motor Co., Ltd. in February 1999.

The Merger aims to obtain more diversified financial needs of the customers by integrating the specialization in the automotive industry owned by Nissan Lease and the financial know-how owned by IBJL.

IBJL Group will make an effort to obtain the wide range of customer needs from the viewpoint of industry and/or commercial distribution, in addition to the business development based on the ongoing fourth mid-term management plan. IBJL Group also aims to expand the customer base by strengthening the relationship with the business partners including the closely related financial institutions.

(b) Accounting treatment applied for this business combination

This business combination was accounted for as transactions under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and "Guidance for Business Combinations and Business Divestitures" (ASBJ Statement No. 10, September 13, 2013).

4. Marketable Securities, Operational Investment Securities and Investment Securities

(1) Available-for-sale Securities whose fair values are readily determinable as of March 31, 2016 and 2015 were as follows:

Available-for-sale Securities

Securities with carrying amounts exceeding acquisition costs

	Millions of yen						Thousands of U.S. dollars		
	2016			2015			2016		
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Equity Securities	¥ 12,904	¥ 6,560	¥ 6,344	¥ 15,435	¥ 7,486	¥ 7,949	$ 114,513	$ 58,215	$ 56,298
Bonds									
National and Local Government Bonds	2,048	2,000	48	—	—	—	18,180	17,748	432
Corporate Bonds	53,150	48,361	4,789	11,723	10,739	983	471,653	429,153	42,500
Other	499	499	0	499	499	0	4,435	4,429	6
Other	6,085	5,660	424	4,366	3,967	399	53,999	50,235	3,764
Total	¥ 74,688	¥ 63,081	¥ 11,607	¥ 32,024	¥ 22,691	¥ 9,332	$ 662,780	$ 559,780	$ 103,000

Securities with carrying amounts not exceeding acquisition costs

	Millions of yen						Thousands of U.S. dollars		
	2016			2015			2016		
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Equity Securities	¥ 919	¥ 1,009	¥ (89)	¥ 85	¥ 102	¥ (16)	$ 8,161	$ 8,957	$ (796)
Other	741	806	(65)	449	461	(12)	6,577	7,161	(584)
Total	¥ 1,660	¥ 1,816	¥ (155)	¥ 534	¥ 563	¥ (28)	$ 14,738	$ 16,118	$ (1,380)

(2) Proceeds from sales of Available-for-sale Securities for the years ended March 31, 2016 and 2015 were ¥19 million ($175 thousand) and ¥10 million, respectively. Gross realized gains on these sales were ¥1 million ($9 thousand) and ¥3 million for the years ended March 31, 2016 and 2015, respectively.

(3) IBJL Group recorded impairment losses on investment securities of ¥26 million ($235 thousand) and ¥14 million for the years ended March 31, 2016 and 2015, respectively.

5. Operating Assets

(1) Operating Assets as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Leasing: (*1)			
Finance Lease	¥ 841,987	¥ 811,995	$ 7,471,716
Operating Lease	116,365	66,697	1,032,615
Leasing total	958,353	878,693	8,504,331
Installment Sales (*2)	147,455	153,910	1,308,506
Loans and Factoring	377,933	361,067	3,353,742
Other	97,283	38,627	863,282
Total Operating Assets	¥ 1,581,025	¥ 1,432,299	$ 14,029,861

(*1) Leasing total consists of the aggregate of "Lease Receivables and Investments in Lease," "Leased Assets" and "Intangible Leased Assets" on the Consolidated Balance Sheet at the year-end.
(*2) Installment Sales represent "Installment Sales Receivables" less "Deferred Profit on Installment Sales" on the Consolidated Balance Sheet at the year-end.

(2) The total amounts of new contracts entered into during the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Leasing:			
Finance Lease	¥ 318,802	¥ 310,897	$ 2,829,019
Operating Lease	72,765	61,368	645,710
Leasing total	391,567	372,265	3,474,729
Installment Sales (*1)	73,938	84,115	656,120
Loans and Factoring	534,324	462,716	4,741,544
Other	65,522	24,035	581,444
Total	¥ 1,065,352	¥ 943,134	$ 9,453,837

(*1) The amount of Installment Sales is shown as "Installment Sales Receivables" less "Deferred Profit on Installment Sales."

6. Investment Property

In November 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures" and issued ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures."

IBJL and certain domestic consolidated subsidiaries own certain rental properties such as commercial facilities with land in Tokyo and other areas. Net rental income for these rental properties for the fiscal years ended March 31, 2016 and 2015, were ¥1,257 million ($11,158 thousand) and ¥1,135 million, respectively. Rental income and operating expenses are mainly recognized as "Revenues" and "Cost and Expenses," respectively.

Gain on sales of rental properties for the fiscal years ended March 31, 2016, was ¥1,343 million ($11,919 thousand). Proceeds from sales of rental properties and costs are recognized as "Revenues" and "Cost and Expenses," respectively, otherwise net gain on sales is recognized as "Other Income (Expense)."

The carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of yen			
	Carrying Amount		Fair Value
April 1, 2015	Increase	March 31, 2016	March 31, 2016
¥ 40,284	¥ 46,923	¥ 87,208	¥ 91,134

Millions of yen			
	Carrying Amount		Fair Value
April 1, 2014	Increase	March 31, 2015	March 31, 2015
¥ 29,637	¥ 10,646	¥ 40,284	¥ 41,878

Thousands of U.S. dollars			
	Carrying Amount		Fair Value
April 1, 2015	Increase	March 31, 2016	March 31, 2016
$ 357,478	$ 416,398	$ 773,876	$ 808,720

(*1) Carrying amount recognized in the Consolidated Balance Sheets is net of accumulated depreciation.
(*2) "Increase" during the fiscal year ended March 31, 2016 and 2015, primarily represents the acquisition of certain properties of ¥62,392 million ($553,661 thousand) and ¥32,291 million, respectively.
(*3) Fair values of properties are mainly determined by appraisal reports issued by real estate appraisers.

7. Pledged Assets

Assets pledged as collateral as of March 31, 2016 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2016	2016
Lease Receivables and Investments in Lease	¥ 15,813	$ 140,323

Liabilities secured by the above assets as of March 31, 2016 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2016	2016
Current Portion of Long-term Debt	¥ 753	$ 6,682
Long-term Debt	15,060	133,641
Total	¥ 15,813	$ 140,323

8. Short-term Borrowings and Long-term Debt

(1) "Short-term Borrowings" as of March 31, 2016 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2016	2015	2016	2016
Short-term Borrowings				
Short-term Borrowings from banks and other financial institutions	¥ 364,415	¥ 336,489	$ 3,233,789	0.44%
Commercial Paper	456,300	422,200	4,049,162	0.07%
Payables under securitized lease receivables	54,900	47,500	487,177	0.09%
Total	¥ 875,615	¥ 806,189	$ 7,770,128	
Current Portion of Long-term Debt				
Bonds payable	¥ 20,000	¥ 10,000	$ 177,478	0.267-0.348%
Long-term Debt from banks and other financial institutions	132,390	131,053	1,174,819	0.58%
Total	¥ 152,390	¥ 141,053	$ 1,352,297	

(2) “Long-term Debt” as of March 31, 2016 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2016	2015	2016	2016
Long-term Debt				
Bonds payable	¥ 40,000	¥ 40,000	$ 354,956	0.151-0.360%
Long-term Debt from banks and other financial institutions	397,578	322,709	3,528,070	0.59%
Total	¥ 437,578	¥ 362,709	$ 3,883,026	

(*1) IBJL Group has entered into overdraft contracts that provide IBJL Group with credit facilities with 65 and 63 financial institutions as of March 31, 2016 and 2015, respectively, and amounting to ¥689,861 million ($6,121,762 thousand) and ¥599,996 million, respectively. The unused facilities maintained by IBJL Group as of March 31, 2016 and 2015 amounted to ¥331,319 million ($2,940,094 thousand) and ¥278,976 million, respectively.
(*2) “Payables under securitized lease receivables” is a type of financing based on the law for the regulation of specific claims. The lease receivables sold under this law as of March 31, 2016 and 2015 were ¥59,001 million ($523,577 thousand) and ¥51,445 million, respectively.
(*3) The aggregate annual maturities of “Long-term Debt” as of March 31, 2016 were as follows:

	Millions of yen	Thousands of U.S. dollars
Years Ending March 31	2016	2016
2018	¥ 124,102	$ 1,101,276
2019	137,980	1,224,423
2020	86,009	763,239
2021	44,226	392,463
2022 and thereafter	45,259	401,625
Total	¥ 437,578	$ 3,883,026

9. Retirement and Pension Plans

Outline of plans

IBJL and certain consolidated subsidiaries have a corporate pension plan and/or lump-sum severance payment plan as a defined benefit type of a retirement benefits plan as well as a corporate pension plan as a defined contribution type of a retirement benefits plan. There are some cases in which extra retirement benefits are paid to employees when they retire.

Defined benefit plan

(1) The changes in defined benefit obligation for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of year	¥ 5,728	¥ 5,566	$ 50,832
Current service cost	334	330	2,967
Interest cost	70	68	628
Actuarial losses (gains)	637	(181)	5,653
Benefits paid	(220)	(55)	(1,955)
Balance at end of year	¥ 6,550	¥ 5,728	$ 58,125

(*1) Certain consolidated subsidiaries that have lump-sum severance payment plans use the simplified method in determining the projected benefit obligations.

(2) The changes in plan assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of year	¥ 3,733	¥ 3,237	$ 33,127
Expected return on plan assets	73	58	656
Actuarial (losses) gains	(225)	379	(2,004)
Contributions from the employer	217	214	1,931
Benefits paid	(72)	(157)	(642)
Balance at end of year	¥ 3,726	¥ 3,733	$ 33,068

(3) Reconciliation between the liability recorded in the Consolidated Balance Sheet and the balances of defined benefit obligation and plan assets as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Defined benefit obligation	¥ 4,082	¥ 3,524	$ 36,227
Plan assets	(3,726)	(3,733)	(33,068)
Total	356	(208)	3,159
Unfunded defined benefit obligation	2,467	2,203	21,898
Net liability arising from defined benefit obligation	¥ 2,823	¥ 1,995	$ 25,057

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Asset for employees' retirement benefits	¥ —	¥ 215	$ —
Liability for employees' retirement benefits	2,823	2,211	25,057
Net liability arising from defined benefit obligation	¥ 2,823	¥ 1,995	$ 25,057

(4) The components of net periodic benefit costs for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥ 334	¥ 330	$ 2,967
Interest cost	70	68	628
Expected return on plan assets	(73)	(58)	(656)
Recognized actuarial gains	(47)	(11)	(424)
Net periodic benefit costs	¥ 283	¥ 329	$ 2,515

(*1) Service cost includes retirement benefits expenses of certain consolidated subsidiaries that use the simplified method.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Actuarial (losses) gains	¥ (909)	¥ 422	$ (8,073)
Total	¥ (909)	¥ 422	$ (8,073)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized actuarial (losses) gains	¥ (386)	¥ 523	$ (3,434)
Total	¥ (386)	¥ 523	$ (3,434)

(7) Plan assets as of March 31, 2016 and 2015

a. Components of plan assets

Plan assets consisted of the following:

	2016	2015
Domestic debt investments	14.8%	17.2%
Domestic equity investments	23.5	25.2
Foreign debt investments	7.5	7.6
Foreign equity investments	19.9	19.6
Insurance assets (general account)	29.7	27.0
Others	4.6	3.4
Total	100.0%	100.0%

b. Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the long-term rates of return that are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2016 and 2015, are set forth as follows:

	2016	2015
Discount rate	0.30 - 1.40%	1.22 - 1.40%
Expected rate of return on plan assets	1.97 - 2.50%	1.79 - 2.50%
Expected rate of future salary increases	4.01 - 9.27%	4.01 - 9.27%

Defined contribution plan

IBJL Group's contributions to the defined contribution pension plan for the years ended March 31, 2016 and 2015, were ¥58 million ($521 thousand) and ¥56 million, respectively.

10. Income Taxes

IBJL and certain consolidated subsidiaries are subject to a number of taxes based on income, which, in the aggregate, resulted in a normal effective statutory tax rate in Japan of approximately 33.1% and 35.6% for the years ended March 31, 2016 and 2015, respectively.

Deferred Tax Assets and Liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred Tax Assets:			
Allowance for Doubtful Receivables	¥ 2,456	¥ 1,903	$ 21,800
Depreciation	703	882	6,241
Liability for Employees' Retirement Benefits	487	243	4,328
Accrued Enterprise Tax	337	390	2,994
Write-off of Securities	196	193	1,739
Other	3,715	2,528	32,972
Deferred Tax Assets Subtotal	7,896	6,141	70,074
Valuation Allowance	(324)	(397)	(2,875)
Total Deferred Tax Assets	7,572	5,744	67,199
Deferred Tax Liabilities:			
Net unrealized gain on Available-for-sale Securities	(3,453)	(2,955)	(30,648)
Investments in Lease	(253)	(314)	(2,252)
Other	(366)	(429)	(3,252)
Total Deferred Tax Liabilities	(4,073)	(3,699)	(36,152)
Net Deferred Tax Assets	¥ 3,498	¥ 2,045	$ 31,047

Balance reported on the Consolidated Balance Sheets:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred Tax Assets:			
Current Assets	¥ 1,102	¥ 1,277	$ 9,783
Investments and Other Assets	2,462	866	21,855
Deferred Tax Liabilities			
Current Liabilities	(8)	—	(74)
Long-term Liabilities	(58)	(98)	(517)
Net Deferred Tax Assets	¥ 3,498	¥ 2,045	$ 31,047

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal years beginning on April 1, 2016 and April 1, 2017, from approximately 32.3% to 30.9% and for the fiscal year on or after April 1, 2018, to approximately 30.6%. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, by ¥120 million ($1,065 thousand) and to increase Income Taxes-Deferred by ¥356 million ($3,162 thousand) in the Consolidated Statement of Income for the year then ended. This change also increased Unrealized Gain on Available-for-sale Securities by ¥250 million ($2,225 thousand) and decreased Deferred Gain on Derivatives under Hedge Accounting by ¥7 million ($71 thousand) and Defined Retirement Benefit Plan by ¥6 million ($58 thousand) in the Consolidated Balance Sheet as of March 31, 2016.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2016, with the corresponding figures for 2015, is as follows:

	2016	2015
Normal effective statutory tax rate	33.1%	35.6%
Amortization of goodwill	0.1	0.1
Valuation allowance	(0.3)	(0.3)
Reduction of Deferred Tax Assets by lowering of statutory tax rate	2.4	2.5
Others	0.6	0.8
Actual effective tax rate	35.9%	38.7%

11. Commitments and Contingent Liabilities

(1) Commitments

IBJL Group had loan commitment agreements as of March 31, 2016 and 2015 amounting to ¥5,182 million ($45,988 thousand) and ¥7,599 million, respectively. The loans provided under these credit facilities as of March 31, 2016 and 2015 amounted to ¥4,128 million ($36,638 thousand) and ¥1,551 million, respectively. Many of these facilities expire without being utilized and the related borrowings are subject to periodic reviews of the borrowers' credibility. Any unused amount will not necessarily be utilized in full.

(2) Contingent Liabilities

Contingent Liabilities as of March 31, 2016 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2016	2016
Guarantee Obligations with respect to operating activities (*1)	¥ 14,346	$ 127,309
Other Guarantee Obligations	10,351	91,860
Total	¥ 24,698	$ 219,169

(*1) The amount includes bank loans and trade receivables provided by Mizuho Bank, Ltd. and others, which are guaranteed by IBJL Group.

12. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividends upon resolution at the shareholders meeting. Additionally, for companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Audit & Supervisory Board members, and (4) the term of service of the directors being prescribed as one year rather than the normal two year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if IBJL has prescribed so in its articles of incorporation. However, IBJL cannot do so because it does not meet (4) of the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserves and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserves may be reversed without limitation. The Companies Act also provides that common stock, legal reserves, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

13. Selling, General and Administrative Expenses

Major components of Selling, General and Administrative Expenses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Provision for Doubtful Receivables	¥ 1,063	¥ (1,917)	$ 9,435
(Reversal)/accruals for Debt Guarantees	(51)	30	(461)
Salaries and Wages	7,542	7,429	66,936
Provision for Bonus Payments	626	611	5,562
Provision for Bonus Payments to Directors	72	75	642
Retirement Benefits Costs for Employees	342	385	3,036
Retirement Allowance for Directors and Audit & Supervisory Board members	4	18	41

14. Segment Information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity whose separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments
The reportable segments of IBJL Group are those for which separate financial information is available and regular evaluation by IBJL management is being performed in order to decide how resources are allocated among the IBJL Group.

IBJL Group provides total financial services to a wide range of customers from large companies to small and medium-sized companies. IBJL Group has four business segments based on its services: "Leasing," "Installment Sales," "Loans" and "Other."

The Leasing segment is engaged in leasing services (leasing and renting) for industrial machinery, transportation equipment and information-related equipment (including sales of subject properties upon expiration or cancellation of lease agreements). The Installment Sales segment is engaged in installment sales of production equipment, construction and engineering machinery, and commercial equipment. The Loans segment is engaged in corporate finance, vessel finance and factoring services. The Other segment is engaged in investing in securities that are held for the purpose of generating operational revenues, as well as engaged in assurance services.

(2) Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment
The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about sales, profit (loss), assets, liabilities and other items for the years ended March 31, 2016 and 2015 was as follows:

Millions of yen

2016	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	¥ 337,115	¥ 14,399	¥ 7,478	¥ 5,180	¥ 364,174	¥ —	¥ 364,174
Intersegment sales and transfers	322	245	275	82	925	(925)	—
Total	337,437	14,645	7,754	5,262	365,099	(925)	364,174
Operating Expenses	320,931	14,254	6,529	1,585	343,301	3,299	346,601
Segment Profit	¥ 16,506	¥ 390	¥ 1,224	¥ 3,677	¥ 21,798	¥ (4,225)	¥ 17,573
Segment Assets	¥ 1,017,731	¥ 161,756	¥ 412,080	¥ 106,134	¥ 1,697,702	¥ 21,017	¥ 1,718,720
Others							
Depreciation and Amortization	8,731	—	—	—	8,731	1,721	10,453
Capital Expenditure	72,648	—	—	—	72,648	2,245	74,893

Millions of yen

2015	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	¥ 318,375	¥ 24,915	¥ 7,303	¥ 3,139	¥ 353,733	¥ —	¥ 353,733
Intersegment sales and transfers	269	331	234	79	915	(915)	—
Total	318,644	25,246	7,538	3,219	354,649	(915)	353,733
Operating Expenses	302,080	24,811	4,196	1,453	332,541	3,246	335,787
Segment Profit	¥ 16,563	¥ 435	¥ 3,342	¥ 1,766	¥ 22,108	¥ (4,161)	¥ 17,946
Segment Assets	¥ 922,683	¥ 169,116	¥ 395,407	¥ 42,951	¥ 1,530,159	¥ 21,545	¥ 1,551,704
Others							
Depreciation and Amortization	8,196	—	—	—	8,196	1,789	9,986
Capital Expenditure	61,466	—	—	—	61,466	1,122	62,588

Thousands of U.S. dollars

2016	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	$ 2,991,529	$ 127,780	$ 66,367	$ 45,971	$ 3,231,647	$ —	$ 3,231,647
Intersegment sales and transfers	2,859	2,181	2,443	729	8,212	(8,212)	—
Total	2,994,388	129,961	68,810	46,700	3,239,859	(8,212)	3,231,647
Operating Expenses	2,847,914	126,492	57,945	14,070	3,046,421	29,282	3,075,703
Segment Profit	$ 146,474	$ 3,469	$ 10,865	$ 32,630	$ 193,438	$ (37,494)	$ 155,944
Segment Assets	$ 9,031,252	$ 1,435,407	$ 3,656,764	$ 941,825	$ 15,065,249	$ 186,508	$ 15,251,757
Others							
Depreciation and Amortization	77,481	—	—	—	77,481	15,280	92,762
Capital Expenditure	644,673	—	—	—	644,673	19,922	664,595

(*1) The details of Reconciliations to Segment Profit for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars 2016
Elimination of intersegment transactions	¥ (295)	¥ (313)	$ (2,623)
Administrative expenses not allocated to the reportable segments	(3,929)	(3,847)	(34,871)
Total	¥ (4,225)	¥ (4,161)	$ (37,494)

(*2) The details of Reconciliations to Segment Assets as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Elimination of intersegment transactions	¥ (10,571)	¥ (9,501)	$ (93,810)
Corporate assets not allocated to the reportable segments	31,589	31,046	280,318
Total	¥ 21,017	¥ 21,545	$ 186,508

(*3) Reconciliations of "Depreciation and Amortization" and "Capital Expenditure" are related to corporate assets not allocated to the reportable segments.

(*4) Segment Profits are reconciled to Operating Income in the Consolidated Statement of Income.

(4) Impairment loss of long-lived assets per reportable segment:

	Millions of yen						
	2015						
	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Adjustments	Consolidated
Impairment loss	¥ 103	¥ —	¥ —	¥ —	¥ 103	¥ —	¥ 103

Per reportable segment information for 2016 is omitted as the amount of impairment loss is immaterial.

(5) Goodwill per reportable segment:

Not applicable

15. Lease Transactions

Operating Leases as lessee

The minimum rental commitments under non-cancellable operating leases at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥ 9	¥ 9	$ 82
Due after one year	17	16	155
Total	¥ 26	¥ 25	$ 237

Finance Leases as lessor

(1) The net investments in lease were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Lease contract receivables	¥ 802,077	¥ 778,700	$ 7,117,557
Estimated residual value	1,672	1,732	14,838
Interest income equivalents	(29,801)	(28,800)	(264,459)
Total	¥ 773,947	¥ 751,632	$ 6,867,936

(2) Maturities of Lease Receivables for finance leases that were deemed to transfer ownership of the leased property to the lessee were as follows:

	Millions of yen	Thousands of U.S. dollars
	2016	2016
2017	¥ 23,221	$ 206,069
2018	17,628	156,430
2019	10,790	95,756
2020	7,197	63,872
2021	3,888	34,510
2022 and thereafter	8,139	72,231
Total	¥ 70,867	$ 628,868

(3) Maturities of Investments in Lease for finance leases that were deemed not to transfer ownership of the leased property to the lessee were as follows:

	Millions of yen	Thousands of U.S. dollars
	2016	2016
2017	¥ 252,632	$ 2,241,833
2018	179,060	1,588,965
2019	134,590	1,194,344
2020	101,769	903,088
2021	63,492	563,431
2022 and thereafter	70,532	625,896
Total	¥ 802,077	$ 7,117,557

(4) The beginning balance of Investments in Lease for finance leases that were deemed not to transfer ownership of the leased property to the lessee and whose lease inception was before March 31, 2008, is an amount equal to the net carrying value (net of accumulated depreciation) of lease assets at the end of the preceding year in the year of initial application of the new accounting standard. Interest income equivalents for Investments in Lease (assets) are allocated on a straight-line basis over the remaining useful life of the assets after the initial application of the new accounting standard.

The impact of this accounting treatment on the Consolidated Statement of Income is immaterial.

Operating Leases as lessor

Future lease receivables under non-cancellable operating leases were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥ 35,927	¥ 11,887	$ 318,815
Due after one year	57,464	42,545	509,937
Total	¥ 93,392	¥ 54,432	$ 828,752

Sub-lease transactions

Among the receivables and obligations relating to the sub-lease transactions, the amounts before deducting interest equivalents and included in the Consolidated Balance Sheet as of March 31, 2016 and 2015 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Lease Receivable	¥ 2,066	¥ —	$ 18,337
Investments in Lease	6,687	8,619	59,344
Lease Payable	8,861	8,838	78,639

16. Financial Instruments and Related Disclosures

(1) Policy for financial instruments

IBJL Group provides comprehensive financial services including leasing, installment sales and loans. From the perspective of financial stability, IBJL Group diversifies its funding sources. In addition to the indirect funding from financial institutions, IBJL Group utilizes direct funding such as issuing bonds, commercial paper and securitization of lease receivables. Further, IBJL Group implements integrated Asset-Liability Management (ALM). Derivatives are used to avoid fluctuation risks such as interest rates and to secure stable profits.

(2) Nature and extent of risks arising from financial instruments

Financial assets held by IBJL Group mainly consist of lease receivables and investments in lease, installment sales receivables, loans receivables, and factoring receivables mainly due from domestic business companies. These assets are exposed to the credit risks triggered by a contractual default of a counterparty to the transactions. In the case of deterioration in the credit conditions of counterparties caused by a change in economic conditions or the environment, it is possible that the repayment of obligations under the contract may not be performed. Marketable securities and investment securities, which are mainly comprised of stocks, bonds, preferred equities and investments in partnerships, are exposed to market price fluctuation risks if they are exchange-traded in addition to the credit risk of issuers. Transactions related to real estate finance are exposed to the risk of price fluctuations in the targeted real estate.

Borrowings, bonds and commercial paper are exposed to the interest rate fluctuation risk for floating interest rate funding, and the liquidity risk that ready access to funds may not be available due to a change in the financial market environment. An ALM analysis is employed in order to make stable profit as well as to manage these funding risks.

Derivative transactions are mainly composed of interest rate swaps arranged as a part of ALM. IBJL Group enters into interest rate swap transactions as a hedging instrument and applies hedge accounting to the interest rate fluctuation risk associated with interest bearing debt such as bank loans. It is IBJL Group's policy to utilize hedge transactions within the limit of the debt amount to reduce interest rate risks and to improve cash flow from financial activities. The effectiveness of the hedge transactions are assessed by comparing the changes in the market price and cumulative cash flows between the hedging instrument and the hedged item from the beginning of the hedge to the time of assessment.

IBJL Group utilizes derivative transactions such as non-deliverable forwards and foreign currency forward contracts for exchange risks associated with certain other assets and liabilities denominated in foreign currencies in order to avoid excessive risks.

(3) Risk management for financial instruments

(a) Integrated risk management

IBJL Group places an extremely high priority on integrated monitoring and control of total financial risks including credit risks and market risks which consist of interest rate risk and share price fluctuation risk. Thus IBJL Group incorporates an integrated risk management system into its management policy in order to improve the stability of business. Namely, IBJL Group manages various quantified risks in an integrated fashion to control the total amount of risks under a certain level of net equity (business capacity) of the company. In addition, the measurement of risks is made monthly and the monitoring results are reported to the Board of Directors.

(b) Credit risk management

IBJL Group aims to minimize credit costs by optimizing its credit management structure at all stages of each transaction, from entrance to exit to manage the credit risks of business partners.

Firstly, at the initial stage of deal execution, IBJL Group grants a credit rating for each debtor under its client credit rating system and conducts a strict credit screening, makes judgments on contract arrangements based on the prospects of future value of leasing assets and, from the perspective of the avoidance of excessive concentrations of credit, IBJL Group monitors its credit administration ceiling by using our credit monitoring rating systems. Furthermore, when IBJL Group begins offering with new services or new products, IBJL Group thoroughly reviews the identification and evaluation of inherent risks made by the New Product Committee, whose members include executives in charge of control units. Any large contract and matters requiring complex risk judgment are deliberated and decided by the Credit Committee, whose members include the representative director and executives in charge of screening. By these means, IBJL Group reinforces risk management. Additionally, as an ongoing management measure IBJL Group provides necessary write-offs or allowances in accordance with the self-assessment rules for assets conforming to the financial inspection manual published by the Financial Services Agency, as recommended by "Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry." Furthermore, regarding credit risk management for the portfolio as a whole, through the quantification of the volume of the risk based on the credit rating of business customers, IBJL Group endeavors to minimize credit costs. Also, IBJL Group periodically follows up on non-performing assets and performs debt collection of assets for which IBJL Group has already provided reserves to facilitate final disposal of non-performing assets.

(c) Market risk management

IBJL Group establishes basic policies (e.g., funding policy, setting program for commercial paper, hedging policy, securities trading policy) that are designed based on market environments and financial strength at the Board of Directors meeting to control risks in line with financial operations. In addition, monthly ALM operating policies based on the basic policies, various kinds of position limits, and loss limits, etc. are determined on a monthly basis at the ALM Committee meeting, whose members include executives in charge of relevant departments, and IBJL Group strives to maintain stable earnings by controlling risk factors. Also, with regard to market transactions, in order to maintain a mutual check system, IBJL Group separately established the risk control department that is independent from departments that are responsible for executions or for approval of delivery settlement.

(i) Interest rate risk management

In order to manage interest rate risk, IBJL Group monitors the matching ratio (i.e., proportion of assets that is not exposed to interest rate risk without allocation of the matching fixed/floating interest bearing debt to entire assets) under ALM. Also, IBJL Group quantifies the interest rate and maturity of financial assets and liabilities based on *BPV (Basis Point Value). IBJL Group analyzes and monitors them using a statistical technique such as *VaR (Value at Risk).

In addition, the status of compliance to the rules etc. is managed by the risk control department.

Sensitivity to interest rate (10BPV) interest rate risk volume (VaR) figures in IBJL Group as of March 31, 2016 and 2015, are as shown below. The Internal Models Approach applied to measure the VaR is based on the assumption that past price fluctuations follow a normal distribution and the model calculates variance and covariance, based on which IBJL Group estimates maximum losses statistically (variance/covariance method).

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Sensitivity to interest rate (10BPV)	¥ (2,230)	¥ (1,720)	$ (19,789)
Interest rate risk volume (VaR)	¥ 2,740	¥ 1,520	$ 24,314

The VaR measurement method is as follows:

Variance covariance model for linear risk

Quantitative criteria:

(1) Confidence interval: 99%;

(2) Holding period of 1 month; and

(3) Historical observation period of one year

(ii) Price fluctuation risk management of securities such as stock

Relating to the price fluctuation risk of securities, the risk management department captures the volume of the risk using the VaR. In addition, it monitors the status of compliance with our internal rules.

The VaR measurements in IBJL Group as of March 31, 2016 and 2015, are shown below. To measure the VaR, IBJL Group created a model that shows price fluctuation of each stock based on the stock price index fluctuation. IBJL Group adopted the stock price fluctuation model that sets the stock price index fluctuation ratio represented by the risk factor of general market risk. Also, the inherent fluctuation portion of each stock that is unable to be shown by the stock price index is set as a risk factor of individual risk in our model.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Price variation risk of stock (VaR)	¥ 0	¥ 0	$ 0

(Note) The VaR value shown above reflects annual realized profit or loss (including impairment loss) and unrealized profit or loss, net of corporate income taxes.

The VaR measurement method is as follows:

Quantitative criteria;

(1) Confidence interval: 99%;

(2) Holding period of 1 month; and

(3) Historical observation period of one year

Market price at the measurement date is employed for marketable securities. The moving average acquisition costs or the amortized costs are used for other securities. General market risk (risk of suffering losses due to stock market movement) and individual risk (price variance risk due to factors associated with the issuer of stock) are calculated and combined. Individual risk for non-marketable securities is calculated assuming a fluctuation ratio of 8%.

(iii) Derivative transactions

The derivative transactions carried out by IBJL Group mainly consist of interest rate swaps, entered as a part of ALM, to hedge the interest rate risks. The operating policy of hedging is determined at the monthly ALM council to control the interest rate risk. Also, from the operational control perspective, in order to ensure a checking function, IBJL Group adopts an organization clearly separating the transaction execution department from the market risk control department which is responsible for evaluation of the effectiveness of hedging transactions and the operations department which is responsible for delivery settlement. For the use of derivative transactions, IBJL Group enters into such transactions only with major financial institutions in order to mitigate counterparty risks.

(d) Other price fluctuation risk management

The risk mainly consists of real estate price fluctuation risks for specified bonds, preferred shares, investments in partnerships and non-recourse loans relating to a real estate finance vehicle. The risk is managed by estimating the fair value of real estate at exit and monitoring the quantified risk for loss of principal.

(e) Liquidity risk management

IBJL Group manages liquidity risk by diversifying the method of funding and balancing its long-term and short-term funding needs, depending upon the market environment.

(4) Supplemental explanation for quantitative information concerning market risk

Because quantitative information concerning market risk is based on statistical assumptions, the quantitative information may differ depending upon the quantitative basis and measurement method assumed. Also, the quantitative information is a statistical result based on certain assumptions. It is not intended to show the expected maximum losses. Because future market situations may differ considerably from past situations, there are many limitations on the quantitative data that are estimated using observation values of past data.

(Glossary)

*BPV: BPV is one of the interest rate risk indices indicating the change in present value of subject assets or liabilities given a basis point (0.01%) change in interest rates. IBJL Group adopts 10 basis points (0.1%) as the basis for change of value.

*VaR: VaR is a technique for estimating the probable maximum portfolio losses as a volume of risk when the market is affected adversely based on the statistical analysis of historical data under a given time and probability (99% one sided confidence interval).

(5) Supplemental explanation for fair values of financial instruments

Fair values of financial instruments are based on the quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Such prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

(a) Fair values of financial instruments

Millions of yen

March 31,	2016			2015		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Cash and Cash Equivalents	¥ 48,332	¥ 48,332	¥ —	¥ 37,457	¥ 37,457	¥ —
Securities (*1)						
Available-for-sale Securities	76,349	76,349	—	32,559	32,559	—
Lease Receivables and Investments in Lease (*2) (*3) (*4) (*5)	831,588	854,449	22,861	805,022	820,009	14,986
Installment Sales Receivables (*2) (*6)	147,219	150,982	3,763	153,647	157,030	3,383
Loans Receivables (*2)	224,795	237,208	12,413	232,199	244,452	12,253
Factoring Receivables (*2)	152,887	154,797	1,910	128,489	130,008	1,518
Long-term Receivables (*7)	7,023	7,023	—	6,828	6,828	—
Assets total	¥ 1,488,195	¥ 1,529,144	¥ 40,948	¥ 1,396,203	¥ 1,428,345	¥ 32,142
Short-term Borrowings	¥ 875,615	¥ 875,641	¥ (25)	¥ 806,189	¥ 806,191	¥ (2)
Lease Payable	8,861	8,849	12	8,838	8,809	28
Accounts Payable — trade	52,961	52,867	93	61,889	61,655	233
Long-term Debt (*8)	589,968	592,026	(2,057)	503,762	505,614	(1,852)
Liabilities total	¥ 1,527,407	¥ 1,529,384	¥ (1,977)	¥ 1,380,679	¥ 1,382,271	¥ (1,592)
Hedge accounting is not applied (*9)	¥ 108	¥ 108	¥ —	¥ —	¥ —	¥ —
Hedge accounting is applied (*9)	(7)	(7)	—	574	574	—
Derivative transactions total	¥ 100	¥ 100	¥ —	¥ 574	¥ 574	¥ —

Thousands of U.S. dollars

March 31,	2016		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and Cash Equivalents	$ 428,899	$ 428,899	$ —
Securities (*1)			
Available-for-sale Securities	677,518	677,518	—
Lease Receivables and Investments in Lease (*2) (*3) (*4) (*5)	7,379,432	7,582,304	202,872
Installment Sales Receivables (*2) (*6)	1,306,407	1,339,808	33,401
Loans Receivables (*2)	1,994,810	2,104,962	110,152
Factoring Receivables (*2)	1,356,706	1,373,656	16,950
Long-term Receivables (*7)	62,328	62,328	—
Assets total	$ 13,206,100	$ 13,569,475	$ 363,375
Short-term Borrowings	$ 7,770,128	$ 7,770,354	$ (226)
Lease Payable	78,639	78,529	110
Accounts Payable — trade	469,974	469,145	829
Long-term Debt (*8)	5,235,323	5,253,582	(18,259)
Liabilities total	$ 13,554,064	$ 13,571,610	$ (17,546)
Hedge accounting is not applied (*9)	$ 960	$ 960	$ —
Hedge accounting is applied (*9)	(68)	(68)	—
Derivative transactions total	$ 892	$ 892	$ —

(*1) Securities include Marketable Securities, Operational Investment Securities and Investment Securities.
(*2) Lease Receivables and Investments in Lease, Installment Sales Receivables, Loans Receivables and Factoring Receivables are stated net of Allowance for Doubtful Receivables.
(*3) Investments in Lease are stated net of estimated residual value of lease assets for finance leases that are deemed not to transfer ownership of the leased property to the lessee.
(*4) The beginning balance of Investments in Lease for finance leases that are deemed not to transfer ownership of the leased property to the lessee and whose lease inception was before March 31, 2008, is an amount equal to the net carrying value (net of accumulated depreciation) of lease assets at the end of the preceding year in the year of initial application of the new accounting standard. Therefore, the carrying amount is different from the amount that is expected to be recovered.
(*5) Unearned lease payments received are not included in Lease Receivables and Investments in Lease.
(*6) Installment Sales Receivables are stated net of Deferred Profit on Installment Sales.
(*7) Long-term Receivables are stated net of Allowance for Doubtful Receivables.
(*8) Current Portion of Long-term Debt is included.
(*9) Assets and liabilities incurred resulting from derivative transactions are netted. Net liability is presented in parenthesis.

Methods for determining the fair values of financial instruments are as follows:

(a) Cash and Cash Equivalents

The carrying values of bank deposits approximate fair values because of their short maturities.

(b) Marketable Securities, Operational Investment Securities and Investment Securities

The fair values of securities are measured at the quoted market price of the stock exchange for the equity instruments. The fair values of bonds are measured at the quoted price obtained from the financial institution for the debt instruments, or are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread. Fair value information for securities by classifications is included in Note 4. Marketable Securities, Operational Investment Securities and Investment Securities.

(c) Lease Receivables and Investments in Lease

The fair values of Lease Receivables and Investments in Lease are principally determined by discounting the future cash flows (lease payments received less maintenance fees), by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(d) Installment Sales Receivables

The fair values of Installment Sales Receivables are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(e) Loans Receivables and Factoring Receivables

The fair values of Loans Receivables and Factoring Receivables are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(f) Long-term Receivables

The carrying values of Long-term Receivables at the balance sheet date (net of Allowance for Doubtful Receivables) approximate fair values, because the Allowance for Doubtful Receivables is determined based on the amount that is expected to be recovered from collateral and guarantees.

(g) Short-term Borrowings

Short-term Borrowings from banks and other financial institutions

The fair values of Short-term Borrowings from banks and other financial institutions are measured at the amount of principal plus interest to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

Commercial Paper

The fair values of Commercial Paper are measured at the amount of principal plus interest to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

Payables under Securitized Lease Receivables

The fair values of Payables under Securitized Lease Receivables are determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus spread for securitization.

(h) Lease Payable

The fair values of Lease Payable are principally determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(i) Accounts Payable — trade

The carrying values of Accounts Payable — trade approximate fair values because they are settled within a short period. The fair values of long-term Accounts Payable are determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(j) Long-term Debt

Bonds Payable

The fair values of Bonds Payable are measured at the amount of interest and principal to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

Long-term Debt from banks and other financial institutions

The fair values of Long-term Debt from banks and other financial institutions are measured at the amount of interest and principal to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(k) Derivatives

Fair value information for derivatives is included in Note 17.

(b) Carrying amount of financial instruments whose fair values cannot be readily determined

	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars 2016
Unlisted Stocks (*1) (*2)	¥ 10,232	¥ 10,801	$ 90,799
Funds, Investments in Partnerships (*3)	23,594	19,741	209,377
Preferred Equities (*4)	1,233	1,865	10,950
Other (*4)	12,235	2,247	108,580

(*1) As unlisted stocks do not have quoted market prices in an active market and their fair values cannot be readily determined, they are excluded from the disclosure of market value information.
(*2) The impairment loss on certain unlisted stocks for the year ended March 31, 2016 and 2015 was ¥26 million ($235 thousand) and ¥14 million, respectively.
(*3) As investments in funds and partnerships are composed of financial instruments whose fair values cannot be readily determined, such as unlisted stocks, they are excluded from the disclosure of market value information.
(*4) As these financial instruments do not have quoted market prices in an active market and their fair values cannot be readily determined, they are excluded from the disclosure of market value information.

Maturity analysis for financial assets and securities with contractual maturities

Millions of yen

March 31, 2016	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and Cash Equivalents	¥ 48,332	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale Securities Bonds						
National and Local government Bonds	—	—	2,000	—	—	—
Corporate Bonds	—	1,200	—	5,500	25,300	16,360
Other	500	—	—	—	—	—
Other	4,885	4,107	3,970	8,590	2,906	5,881
Lease Receivables and Investments in Lease	266,068	189,633	141,350	105,642	65,491	73,801
Installment Sales Receivables	55,433	37,783	26,115	16,526	7,197	4,762
Loans Receivables	42,689	20,682	41,790	31,131	41,528	47,184
Factoring Receivables (*1)	131,088	5,556	3,930	5,994	2,402	3,953
Total	¥ 548,998	¥ 258,964	¥ 219,157	¥ 173,386	¥ 144,826	¥ 151,943

Thousands of U.S. dollars

March 31, 2016	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and Cash Equivalents	$ 428,899	$ —	$ —	$ —	$ —	$ —
Securities						
Available-for-sale Securities Bonds						
National and Local government Bonds	—	—	17,748	—	—	—
Corporate Bonds	—	10,649	—	48,806	224,510	145,177
Other	4,437	—	—	—	—	—
Other	43,352	36,454	35,236	76,232	25,788	52,192
Lease Receivables and Investments in Lease	2,361,067	1,682,791	1,254,331	937,460	581,163	654,904
Installment Sales Receivables	491,915	335,291	231,745	146,658	63,871	42,264
Loans Receivables	378,824	183,532	370,843	276,259	368,522	418,707
Factoring Receivables (*1)	1,163,264	49,309	34,879	53,198	21,319	35,086
Total	$ 4,871,758	$ 2,298,026	$ 1,944,782	$ 1,538,613	$ 1,285,173	$ 1,348,330

(*1) Factoring Receivables whose fair values are not measured under the disclosure requirements in Japan are not included in the above table.
(*2) Please see Note 8 for annual maturities of Long-term Debt.

17. Derivatives

Derivative transactions to which hedge accounting is not applied:

At March 31,	Millions of yen 2016 Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)	Thousands of U.S. dollars 2016 Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:								
Selling U.S.$	¥ 1,314	¥ 1,184	¥ 108	¥ 108	$ 11,667	$ 10,513	$ 960	$ 960
Buying U.S.$	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —

(*1) The fair value of derivative transactions is measured at quoted prices obtained from financial institutions.
(*2) The contract amounts which are shown in the above tables are the notional amounts of derivatives and do not measure IBJL's exposure to credit or market risks.

Not applicable at March 31, 2015.

Derivative transactions to which hedge accounting is applied:

Millions of yen

At March 31,	2016 Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value	2015 Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps (payment - fixed rate, receipt - floating rate)	Long-term Debt	¥ 114,247	¥ 103,284	¥ (553)	Long-term Debt	¥ 60,511	¥ 47,297	¥ (51)
Interest rate and currency swaps (payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars)	Short-term Borrowings, Long-term Debt	¥ 2,423	¥ 552	¥ 546	Short-term Borrowings, Long-term Debt	¥ 4,720	¥ 2,200	¥ 625

Thousands of U.S. dollars

At March 31,	2016 Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps (payment - fixed rate, receipt - floating rate)	Long-term Debt	$ 1,013,820	$ 916,534	$ (4,913)
Interest rate and currency swaps (payment - fixed rate in Indonesian Rupiah, receipt - floating rate in U.S. dollars)	Short-term Borrowings, Long-term Debt	$ 21,506	$ 4,901	$ 4,845

(*1) The fair value of derivative transactions is measured at quoted prices obtained from the financial institutions.
(*2) The contract amounts which are shown in the above tables are the notional amounts of derivatives and do not measure IBJL's exposure to credit or market risks.

Foreign currency forward contracts to which specific accounting is applied:
The following foreign currency forward contracts which qualify for hedge accounting and meet specific matching criteria are not re-measured at market value but any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts. In addition, the fair value of such foreign currency forward contracts in Note 16 is included in that of the hedged items (i.e. Lease Receivable, or Installment Sales Receivable).

Millions of yen

At March 31,	2015		
	Hedged item	Contract Amount	Contract Amount due after One Year
Foreign currency forward contracts:	Lease Receivable	¥ 33	¥ —
Selling U.S.$	Installment Sales Receivable	¥ 7	¥ —

Not applicable at March 31, 2016.

Interest rate swaps to which specific accounting is applied:
The following interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not re-measured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 16 is included in that of the hedged items (i.e. Long-term Debt).

Millions of yen

At March 31,	2016			2015		
	Hedged item	Contract Amount	Contract Amount due after One Year	Hedged item	Contract Amount	Contract Amount due after One Year
Interest rate swaps (payment - fixed rate, receipt - floating rate)	Long-term Debt	¥ 74,851	¥ 60,639	Long-term Debt	¥ 79,795	¥ 61,008

Thousands of U.S. dollars

At March 31,	2016		
	Hedged item	Contract Amount	Contract Amount due after One Year
Interest rate swaps (payment - fixed rate, receipt - floating rate)	Long-term Debt	$ 664,225	$ 538,113

18. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrealized Gain (loss) on Available-for-sale Securities			
Gains arising during the year	¥ 2,993	¥ 4,254	$ 26,564
Reclassification adjustments to profit or loss	(846)	(367)	(7,509)
Amount before income tax effect	2,147	3,886	19,055
Income tax effect	497	1,087	4,418
Total	¥ 1,649	¥ 2,799	$ 14,637
Deferred Gain (Loss) on Derivatives under Hedge Accounting			
Losses arising during the year	¥ (970)	¥ (398)	$ (8,612)
Reclassification adjustments to profit or loss	409	484	3,630
Amount before income tax effect	(561)	86	(4,982)
Income tax effect	(163)	33	(1,454)
Total	¥ (397)	¥ 52	$ (3,528)
Foreign Currency Translation Adjustments			
Adjustments arising during the year	¥ (528)	¥ 915	$ (4,691)
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	(528)	915	(4,691)
Income tax effect	—	—	—
Total	¥ (528)	¥ 915	$ (4,691)
Defined Retirement Benefit Plans			
Adjustments arising during the year	¥ (861)	¥ 434	$ (7,648)
Reclassification adjustments to profit or loss	(47)	(11)	(424)
Amount before income tax effect	(909)	422	(8,072)
Income tax effect	(291)	137	(2,587)
Total	¥ (618)	¥ 285	$ (5,485)
Share of Other Comprehensive Income in associates			
(Losses) Gains arising during the year	¥ (159)	¥ 191	$ (1,414)
Reclassification adjustments to profit or loss	—	—	—
Total	¥ (159)	¥ 191	$ (1,414)
Total Other Comprehensive Income (Loss)	¥ (54)	¥ 4,244	$ (481)

19. Per Share Information

Details of basic net income attributable to owners of the parent per share ("EPS") for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars	Millions of yen	Thousands of shares	Yen	U.S. dollars
For the year ended March 31,	2016				2015			
	Net income attributable to owners of the parent	Weighted average shares	EPS		Net income attributable to owners of the parent	Weighted average shares	EPS	
Basic EPS								
Net income available to common shareholders	¥ 11,609	42,648	¥ 272.20	$ 2.42	¥ 11,144	42,648	¥ 261.32	$ 2.32

20. Subsequent Events

(1) Transfer of the shares of the consolidated subsidiary

On April 15, 2016, IBJL transferred all shares in Toshiba Medical Finance Co., Ltd ("TMF"), its consolidated subsidiary, to Toshiba Corporation.

(a) Purpose of the transfer of the shares

IBJL has engaged in a financing business targeting medical institutions in collaboration with Toshiba Medical Systems Corporation, a wholly owned subsidiary of Toshiba Corporation, through TMF since February 2012 when IBJL purchased TMF to become a subsidiary of IBJL. However, in connection with a business portfolio review being implemented by Toshiba Group as a management measure under the Toshiba Revitalization Action Plan, IBJL has decided to transfer all of its shares in TMF.

(b) Corporate name of transferee

Toshiba Corporation

(c) Date of the transfer of the shares

April 15, 2016

(d) Corporate name and business of the transferred subsidiary, and business relationship with IBJL

(i) Corporate name

Toshiba Medical Finance Co., Ltd.

(ii) Description of the business

General leasing

(iii) Business Relationship between the Company and TMF

None

(e) Number of shares to be sold, transfer price, number of shares with voting rights held after the transaction and capital gain on transfer

(i) Number of shares to be sold

156,000 shares (Ratio of voting rights: 65.0%)

(ii) Transfer price

¥3,634 million ($32,252 thousand)

(iii) Number of shares with voting rights held after the transaction

0 share (Ratio of voting rights: 0.0%)

(iv) Capital gain on transfer

¥244 million ($2,171 thousand)

(2) Appropriation of Retained Earnings

The following appropriation of Retained Earning at March 31, 2016, was approved at IBJL's shareholders' meeting on June 23, 2016:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥30.00 ($0.27) per share	¥ 1,279	$ 11,354

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

Tel:+81 (3) 6720 8200
Fax:+81 (3) 6720 8205
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of IBJ Leasing Company, Limited:

We have audited the accompanying consolidated balance sheet of IBJ Leasing Company, Limited and its consolidated subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IBJ Leasing Company, Limited and its consolidated subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2016

Member of
Deloitte Touche Tohmatsu Limited

Corporate Information

Corporate Profile (As of March 31, 2016)

Company Name	IBJ Leasing Company, Limited
Head Office	2-6 Toranomon 1-chome, Minato-ku, Tokyo 105-0001, Japan Tel: +81-3-5253-6511 (main exchange)
Date of Establishment	December 1, 1969
Paid-in Capital	¥17,874,190,000
Number of Employees	Consolidated: 1,072; Non-consolidated: 573
Business Description	Integrated financial services (leasing, rental, installment sales, and financial services related to industrial equipment and machine tools, construction equipment, automobiles, vessels, aircraft, information equipment, medical equipment and real estate)

History

December 1969	Pacific Lease Company, Limited is established under the initiative of The Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.) with the participation of life insurance companies and major companies representing Japanese industries.
January 1972	Begins vendor leases of construction equipment.
December 1972	Begins vessel financing overseas.
November 1981	Changes trading name to IBJ Leasing Company, Limited.
December 1982	Begins leveraged leasing of aircraft.
October 1985	Undertakes Japan's first rolling stock leasing.
July 1993	Undertakes securitization of lease receivables funding using a trust scheme.
April 1998	IBJ Auto Lease Company, Limited is established.
November 1998	Begins full-scale business in structured finance.
February 1999	Acquires Nissan Leasing Co., Ltd. from Nissan Motor Group.
June 2000	Acquires Saison Auto Lease Systems Co., Ltd. from Credit Saison Group (now, IBJ Auto Lease Company, Limited).
December 2000	Awarded ISO 9001 certification for management of business quality (all departments).
June 2001	Acquires Universal Leasing Co., Ltd. from Sankyu Group.
October 2004	Shares listed on the Second Section of the Tokyo Stock Exchange.
September 2005	Designated an issue on the First Section of the Tokyo Stock Exchange.
October 2005	KL Insurance & Co., Ltd. is spun off as a subsidiary specializing in life insurance sales.
March 2006	Acquires Dai-ichi Leasing Co., Ltd. from the Dai-ichi Mutual Life Insurance Group.
September 2006	Acquires The Higashi-Nippon Leasing Corporation from Higashi-Nippon Bank Group.
March 2007	Acquires The Toho Lease Co., Ltd. (Toho Bank Group), making this company an equity-method affiliate.
March 2008	Awarded certification under the ISO 14001 standard for environmental management. (all departments and major domestic Group companies)
July 2008	Acquires Juhachi Sogo Lease Co., Ltd. (The Eighteenth Bank Group), making this company an equity-method affiliate. IBJ Leasing (China) Ltd. is established.
August 2010	PT. IBJ VERENA FINANCE is established in Jakarta, Indonesia.
February 2012	Acquires TF Asset Service Co., Ltd. (now, IBJL-TOSHIBA Leasing Company, Limited and a consolidated subsidiary), a receiver company succeeding the corporate financial services business split off from Toshiba Finance Corporation Acquires Toshiba Medical Finance Co., Ltd. (now, a consolidated subsidiary)
April 2015	Absorption-type merger of Nissan Leasing Co., Ltd.
June 2015	Transfer of all shares in The Toho Lease Co., Ltd.
September 2015	Transfer of all shares in The Higashi-Nippon Leasing Corporation
February 2016	As a joint venture with U.S. aircraft leasing company Aircastle Limited, establishment of IBJ Air Leasing Limited to concentrate exclusively on aircraft operating leases
April 2016	Transfer of all shares in Toshiba Medical Finance Co., Ltd.

Stock Information

(As of March 31, 2016)

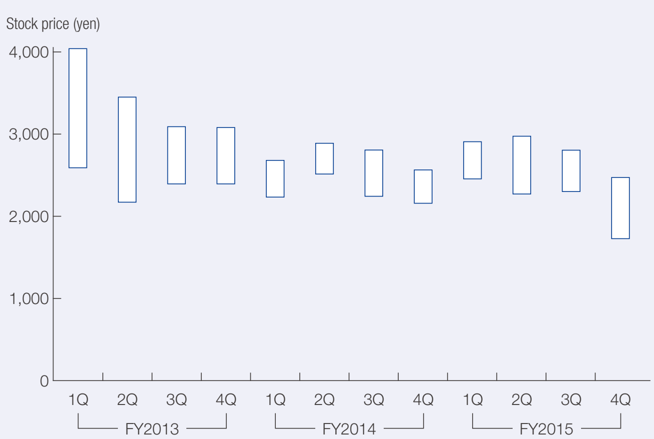
Number of Shares Authorized	140,000,000
Number of Shares Issued	42,649,000
Number of Shareholders	34,355

Major Shareholders

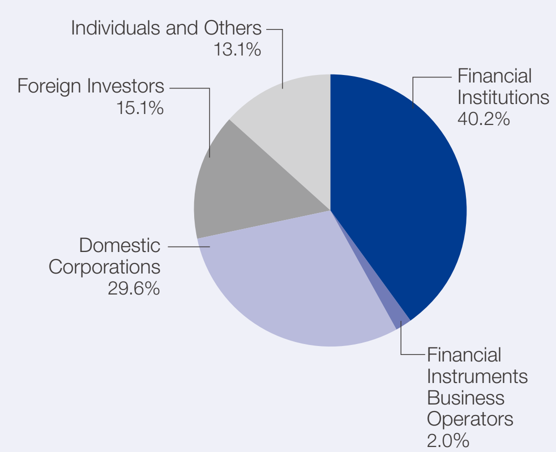
Shareholders	Number of Shares Held (1,000 shares)	Shareholding Ratio* (%)
The Dai-ichi Life Insurance Company, Limited	2,930	6.87
NISSAN MOTOR CO., LTD. Retirement Benefit Trust Account, with the trustee being Mizuho Trust & Banking Co., Ltd., and re-trustee Trust & Custody Services Bank, Ltd.	1,750	4.10
Mizuho Bank, Ltd.	1,626	3.81
UNIZO Holdings Company, Limited.	1,546	3.62
Japan Trustee Services Bank, Ltd. (Trust Account)	1,331	3.12
Meiji Yasuda Life Insurance Company	1,251	2.93
DOWA HOLDINGS Co., Ltd.	1,120	2.62
RBC ISB A/C DUB NON RESIDENT-TREATY RATE	1,075	2.52
NIPPON STEEL KOWA REAL ESTATE CO., LTD.	975	2.28
The Kyoritsu Co., Ltd.	949	2.22
Japan Trustee Services Bank, Ltd. (TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by the Mitsui Sumitomo Trust & Banking Co., Ltd.)	900	2.11
Tosoh Corporation	720	1.68
Fuji Heavy Industries Ltd.	720	1.68
The Master Trust Bank of Japan, Ltd. (Trust Account)	704	1.65
Credit Saison Co., Ltd.	670	1.57
The Shiga Bank, Ltd.	670	1.57
Iino Kaiun Kaisha, Ltd.	666	1.56
Sompo Japan Nipponkoa Insurance Inc.	600	1.40
STATE STREET BANK AND TRUST COMPANY	565	1.32
Nippon Life Insurance Company	504	1.18

*Percentage of the total number of shares issued.

Stock Performance



Distribution of Shareholders



Headquarters and Branches

(As of July 31, 2016)

Head Office	2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001	TEL. +81-3-5253-6511	FAX. +81-3-5253-6501
Sapporo Branch	2, Kita 1-jo Nishi 5, Chuo-ku, Sapporo, Hokkaido 060-0001	TEL. +81-11-231-1341	FAX. +81-11-231-5727
Sendai Branch	4-1, Ichiban-cho 2-chome, Aoba-ku, Sendai, Miyagi 980-0811	TEL. +81-22-223-2611	FAX. +81-22-266-9556
Corporate Business Dept. (Metropolitan Area No. 2)	96-1, Miyacho 2-chome, Omiya-ku, Saitama, Saitama 330-0802	TEL. +81-48-631-0751	FAX. +81-48-631-0754
Niigata Branch	866, Rokuban-cho, Nishihori-dori, Chuo-ku, Niigata, Niigata 951-8061	TEL. +81-25-229-7800	FAX. +81-25-229-7741
Toyama Branch	5-13, Sakurabashi-dori, Toyama, Toyama 930-0004	TEL. +81-76-444-1080	FAX. +81-76-444-1083
Shizuoka Branch	5-9, Miyuki-cho, Aoi-ku, Shizuoka, Shizuoka 420-0857	TEL. +81-54-205-3330	FAX. +81-54-205-3331
Nagoya Branch	11-11, Nishiki 1-chome, Naka-ku, Nagoya, Aichi 460-0003	TEL. +81-52-203-5891	FAX. +81-52-203-9025
Kyoto Branch	659, Tearaimizu-cho, Nishikikozi-agaru, Karasuma-dori, Nakagyo-ku, Kyoto, Kyoto 604-8152	TEL. +81-75-223-1545	FAX. +81-75-223-1571
Osaka Business Dept.	1-1, Koraibashi 4-chome, Chuo-ku, Osaka, Osaka 541-0043	TEL. +81-6-6201-3981	FAX. +81-6-6222-2541
Kobe Branch	69, Kyomachi, Chuo-ku, Kobe, Hyogo 650-0034	TEL. +81-78-392-5440	FAX. +81-78-392-5441
Hiroshima Branch	1-22, Kamiyacho 2-chome, Naka-ku, Hiroshima, Hiroshima 730-0031	TEL. +81-82-249-4435	FAX. +81-82-249-8232
Takamatsu Branch	6-8, Bancho 1-chome, Takamatsu, Kagawa 760-0017	TEL. +81-87-823-7321	FAX. +81-87-823-7324
Fukuoka Branch	13-2, Tenzin 1-chome, Chuo-ku, Fukuoka, Fukuoka 810-0001	TEL. +81-92-714-5671	FAX. +81-92-715-0553

Major Group Companies

(As of July 31, 2016)

	Paid-in Capital or Investment	Business Activity	Ownership
Network in Japan			
IBJL-TOSHIBA Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6700	¥1,520 million	General leasing	90%
Dai-ichi Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-3501-5711 FAX. +81-3-3501-5748	¥2,000 million	General leasing	90%
IBJ Auto Lease Company, Limited 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6800 FAX. +81-3-5253-6805	¥386 million	Auto leasing	100%
Universal Leasing Co., Ltd. 5-3, Kachidoki 6-chome, Chuo-ku, Tokyo 104-0054 TEL. +81-3-3536-3981 FAX. +81-3-3536-3892	¥50 million	General leasing	90%
KL Lease & Estate Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6833 FAX. +81-3-5253-6834	¥10 million	Building leasing	100%
KL & Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6835 FAX. +81-3-5253-6837	¥10 million	Used equipment sales	100%
KL Insurance & Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6826 FAX. +81-3-5253-6827	¥10 million	Life insurance sales	100%
KL Office Service Company, Limited 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6840 FAX. +81-3-5253-6839	¥10 million	Office services	100%
Juhachi Sogo Lease Co., Ltd.* 4-18, Doza-machi, Nagasaki, Nagasaki 850-0841 TEL. +81-95-822-1171 FAX. +81-95-826-8860	¥895 million	General leasing	17.3%
Overseas network			
IBJ Leasing (China) Ltd. (Shanghai Head Office) Room 08-10, 20F, Metro Plaza, No. 555, Loushanguan Road, Changning District, Shanghai, PRC (200051) TEL. +86-21-6229-0022 FAX. +86-21-6241-5670 (Guangzhou Branch) Room 1336, 13F Teem Tower, 208 Tianhe Road, Tianhe District, Guangzho, PRC (510620) TEL. +86-20-2826-1841 FAX. +86-20-2826-1990	US$30,000 thousand	General leasing	100%
PT. IBJ VERENA FINANCE Sentral Senayan III, 13th Floor., Jl. Asia Afrika No. 8, Gelora Bung Karno, Senayan, Jakarta Pusat 10270, Indonesia TEL. +62-21-2966-0780 FAX. +62-21-2966-0781	IDR171,000,000 thousand	General leasing	82.5%
IBJ Air Leasing Limited Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	US$1	Aircraft leasing	75%
IBJ Leasing (UK) Ltd. Bracken House, One Friday Street, London EC4M 9JA, U.K.	GBP6,000 thousand	General leasing	100%
Krung Thai IBJ Leasing Co., Ltd.* 18th Floor, Nantawan Bldg., 161 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330, Thailand TEL. +66-2-252-9620 FAX. +66-2-254-6119	THB100,000 thousand	General leasing	49%
PNB-IBJL Leasing and Finance Corporation* 7th Floor, Salustiana D. Ty Tower, 104 Paseo de Roxas, Legaspi Village, Makati City, Metro Manila, Philippines TEL. +63-2-892-5555 FAX. +63-2-893-0032	PHP450,000 thousand	General leasing	25%

*Affiliates accounted for under the equity method

Investor Relations
IBJ LEASING COMPANY, LIMITED
Corporate Communications Division,
Corporate Planning Department
Tel. +81-3-5253-6540
Fax. +81-3-5253-6539
URL: http://www.ibjl.co.jp/en/

IBJ LEASING CO., LTD.

MIX
Paper from
responsible sources
FSC™ C022784

This report is printed on paper certified by the Forest Stewardship Council™ (FSC) as being made from sustainably managed forests.

Printed in Japan